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### **Message from Chairman of the Board of Directors**

Another difficult year for UMI Group. Having to fight with foreign import tiles, proving to be a losing battle. Without the tariff wall, domestic tile will never be able to compete, price wise, with the import tile. Quality of local tiles are much better than the import tiles but also much more expensive. In a depressed economy, consumers are price sensitive and quality becomes secondary when choosing to buy tiles. Our costs of labor are still rising, making domestic tile even more uncompetitive. While India and China can produce tile at half of our cost due to their much lower minimum wages. In the past, we have concentrated our products in the mid and the upper end of the market. However, at the present, there is simply no profit margin left due to much cheaper imports. Without import tariff, there is no way for domestic tile to compete with the import tile.

For above reason, we need to look at new business strategy, how to meet the needs of the Thai consumer, that is good quality tile at cheap price. What if we can produce tile in a country with the cheapest cost and using the same quality control as we use on domestic tile, this should meet the requirement. Our new objective is currently being developed and hopefully, be implemented by the end of 2019. At the same time, we still are looking at other business opportunities to enhance our profitability. We will keep all our shareholders informed as to the direction of UMI Group.

A handwritten signature in black ink, consisting of stylized, flowing cursive letters, likely representing the name 'Seranee Phenjati'.

Captain Seranee Phenjati  
Chairman of the Board of Directors

### Message from Managing Director

In the year 2018, the Company faced with the economic slowdown and the factors that are challenging to run the business, which resulted in foreign demand has declined significantly, especially the export sector of Thai products, due to the impact of the Trade War between the United States and China. The slowdown of trading partners from other factors, which affect the export of the Company to decrease compared to 2017. High price competition in the import market, particularly tiles imported from India and China that can be produced at a lower cost, including wide variety types of products for tile replacement. In addition, the Company has higher production costs due to rising oil prices, making it difficult to compete on price with imported products from such countries. For the reasons mentioned above, the operation result and profits of the Company cans not grow quite well.



Throughout the year 2018, the Company faced with such factors and economic conditions, coupled with severe business competition in the market. The Company is still committed to operating under the principle that is the heart of the Company over the past 46 years that the quality of products must come first and continue to operate under various strategies to adjust and adapt the business plan to keep up with the competition over the year 2019 both developing and creating new products that remain quality, but shall be able to respond to the purchasing power and needs of customers in the market with a wide range and covering all groups. The development of innovative new products was continued such as Innovative Tiles to match trend of Health Care and Save the World of digital consumers who are increasingly conscious of health and the environment. It is a trend that helps create more value for brands and products. In addition, in order to be compatible with the digital age, the Company also uses new information systems to apply to various operating systems of the Company in order to achieve maximum speed and efficiency in business operations as well as developing online distribution channels to be in line with the current consumer behavior. In addition, the Company is also committed to seek new quality products related to tiles, including replacement products to further expand the market and customer base in the future.

In this regard, the Company will continue to strive to operate at full capability, in order to achieve the goal to create good performance as well as good returns to shareholders, together with operations under the principle of Ethics and Good Corporate Governance guidelines with honesty, transparency and social responsibility as always practiced. The Company is looking forward to receiving support from all parties, including shareholders, business partners, customers, as well as employees in the organization so that the Company will be able to drive business and grow sustainably with Thai society forever. On behalf of The Union Mosaic Industry Public Company Limited (the Company) I would like to thank you for your trust and support in the operation of the Company as well and sincerely hope to get support from all of you well throughout.



Mr. Somboon Uranukul  
Managing Director

**Vision**

To be the manufacturer and distributor of the ceramic tiles and the related products, selected as the consumer's first choice, with strong sustainable sales growth.

**Mission**

1. To build the successful satisfaction for customers, shareholders, employees and the other stakeholders;
2. To maintain the average growth rate of at least not less than the industrial growth with continuous profit;
3. To develop new product and innovation continuously;
4. To focus continuously on developing personnel, product quality, and customer service.

**Quality Policy**

The company has set the determination to bring in; "the international management system to be applied in the organization, to continue developing and improving quality management system, as to successfully build customer satisfaction."

## **Business Ethics**

The Board of Directors, management team and employees will perform their duties with honesty and fairness, and will treat all stakeholders as follows:

### **1. Responsibility to Shareholders**

To act cautiously and transparently for stable and sustainable growth by taking into account the interests and satisfaction of all shareholders. Do not use any inside information of the Company which has not been disclosed to the public in seeking benefits for themselves and related persons.

### **2. Employee responsibility**

To treat employees at all levels fairly without discrimination, and to promote good and safe working environment with the opportunity to develop their knowledge and skills thoroughly.

### **3. Business Partner Responsibility**

To make commitment to satisfy business partners and to maintain good relationships sustainably

### **4. Social and Environmental Responsibility**

To practice and promote awareness of employees in responsibility to social and environment; and to adhere to democracy and anti-corruption corruption

And adherence to the principles of good governance both in consciousness and behavior as follows:

- 1. Fairness and Morality**
- 2. Transparency**
- 3. Integrity**
- 4. Responsibility**
- 5. Accountability**
- 6. Vision**
- 7. Leadership**

## Report of the Audit Committee

The Audit Committee of the company consists of 3 persons, with Mrs. Nopparat Runguthaisiri as Chairman of Audit Committee, Mr. Krit Phunratnamala and Mr. Suporn Prasardvinitchai are Audit Committee, and each member of committee is independent, non-executive or non-employee of the company.

In the year 2018, there are 4 Audit Committee's meetings and 2 meetings with the company external auditors without any participating from the executives of the company.

Summary of duties and tasks of the Audit Committee, which are carried out in the previous period is as follows:

The Audit Committee has examined the financial statement of the company as at December 31, 2018 and for year end the same day, would like to make comment that the financial statement is correct, complete, reliable, and has been prepared in according to the general accepted accounting principles and is in according to the report of certified public accountant that has been submitted to shareholders and the Board of Directors of the company.

The Audit Committee has evaluated the internal control's result and has agreed that it is valid and appropriate.

The Audit Committee has not found any practice that; might violate the law of Securities and Exchange Commission, is not conformed to the terms of Stock Exchange of Thailand or any other law relating to the business of the company. Finally, there is no action contrary to the regulations and policies of the company.

The Audit Committee has verified the related transactions and has not found any transaction by shareholders, the Board of Directors, Executive, the authorized persons in control of the company or the related persons with the aforementioned persons, in addition that was indicated in the Annual Report of the company.

The Audit Committee is of the opinion that the certified public accountants from Karin Audit Co., Ltd Auditor are independent without giving any other service which is non-auditing to the company and performed their duties well for the accounting period ended December 31, 2018, and would like to recommend that Mr.Jedsada Hangsapruk certified public accountant registration no. 3759; and/or Ms.Kannika Wipanurat certified public accountant registration no. 7305; and/or Mr.Jirote Sirirorote certified public accountant registration no. 5113 from Karin Audit Co., Ltd. to be appointed as auditor and preparing auditing report for financial statement of the company for the accounting period ended December 31, 2019. The quoted Audit fee is also found appropriate.

The Audit Committee has received the full cooperation from the Executive Board of Directors and the company's employees and that the performance of the company as a whole to be accurate and appropriate.



(Mrs. Nopparat Runguthaisiri)

Chairman of Audit Committee

February 26, 2019

## **Report of Board of Directors' Responsibilities for the Financial Statements**

According to section 112, 113 and 114 of the Public Company Act B.E. 2535, Board of Directors of the Union Mosaic Industry Public Company Limited has arranged for preparing 2018 Annual Report including financial statements to indicate financial situation and operation result of the previous year of the company and its subsidiaries.

The Board of Directors would like to assure that these financial statements have been prepared with the complete and correct information in accounting and comply with general accepted accounting principles. The company has also employed appropriate accounting policies applied on consistent basis. These financial statements were made with careful and reasonable consideration, which has been audited by certified auditor and verified by the Audit Committee.

On behalf of Board of Directors of the company



Captain Seranee Phenjati  
Chairman of the Board of Directors



Mr. Somboon Uranukul  
Managing Director

## 1. General Information

Name	: The Union Mosaic Industry Public Company Limited		
Registration Number	: 0107537000777		
Head Office Location	: 65 Chamnan Phenjati Business Center Building, 29 <sup>th</sup> Floor Rama 9 <sup>th</sup> Road, Huai Khwang Sub-district, Huai Khwang District, Bangkok 10320 Tel. 0-2248-7007 Fax: 0-2248-7005-6 Website: www.umi-tiles.com		
Type of Business	: Manufacturing and Distributing of - Mosaic Tiles “UMI” - Ceramic Floor Tiles “DURAGRES” - Ceramic Wall Tiles “DURAGRES LILA”		
Factory Location	: 1 <sup>st</sup> Site at 54/1 Suwanasorn Road, Tumbon Kokeyae, Nongkhae District, Saraburi 18230 Tel. (036) 387169-171 Fax: (036) 387177 : 2 <sup>nd</sup> Site at 54 Moo 1, Leab Khlong Rapeepat Road, Tumbon Phaitum, Nongkhae District, Saraburi 18230 Tel. (036) 263840 Fax: (036) 263843 Total Capacity 58,775 Square Meter per Day		
Registered Capital as at December 31, 2018	836,504,795.00	Baht	
Issued and Paid-up Capital	836,504,741.00	Baht	
Number of Ordinary Shares	836,504,741.00	Shares	
Par Value per Share	1.00	Baht	



## **Juristic Entities That the Company Has Hold More Than 10 Percent of Its Stocks**

### **1. T.T. Ceramic Public Co., Ltd.**

**Location** : 136 Moo13, Tumbon Kokeyae, Nongkhae Distric, Saraburi 18230  
Tel. (036)305977-8 Fax: (036)305128

**Type of Business** : Manufacturing and distributing ceramic tiles, porcelain tile “Cergres”

Holding in percent 66.67 %

Paid-up share capital 600,808,896 Baht

### **2. Cermas Co., Ltd.**

**Location** : 65/224 Chamnan Phenjati Business Center 27<sup>th</sup> Fl., Rama 9<sup>th</sup> Rd., Huaykwang, Bangkok 10320  
Tel. 0-2248-7060-3 Fax: 0-2248-7064

**Type of Business** : Supplier of domestic raw materials consisting of clays, feldspars, and quartz.

Holding in percent 24.90 %

Paid-up share capital 21,000,000 Baht

### **3. UMI Property Co., Ltd.**

**Location** : 65/233 Chamnan Phenjati Business Center 30<sup>th</sup> Fl., Rama 9<sup>th</sup> Rd., Huaykwang, Bangkok 10320  
Tel. 0-2246-7634-6, 0-2247-7090-4 Fax: 0-2247-7346

**Type of Business** : Real estate.

Holding in percent 37.57 %

Paid-up share capital 150,000,000 Baht

### **4. Ruampat Ceramic Co., Ltd.**

**Location** : 65/225 Chamnan Phenjati Business Center 27<sup>th</sup> Fl., Rama 9<sup>th</sup> Rd., Huaykwang, Bangkok  
Tel. 0-2248-7007 Fax: 0-2248-7007 -523 10320

**Type of Business** : An agent for distributing of ceramics product.

Holding in percent 49.00 %

Paid-up share capital 20,000,000 Baht

**5. Duragres Co.,Ltd (Previous Name : UMI International Co., Ltd.)**

**Location** : 65/224 Chamnan Phenjati Business Center, Rama 9<sup>th</sup> Rd., Huaykwang, Bangkok 10320  
Tel. 0-2248-70007

**Type of Business** : Direct sales.

Holding in percent 40.00 %

Paid-up share capital 25,000,000 Baht

**6. Tekno Cer S.R.L.CO., Ltd.**

**Location** : Sede Legale: Piazza Manzoni, 4/1 In Liquidazione 41100 Modena-Italy

**Type of Business** : Supplier of raw materials and machineries.

Holding in percent 45.00 %

Paid-up share capital 20,000,000 Lira

**7. Surf Dynamics Co., Ltd.**

**Location** : 66/2 Soi Sukhumwit 2 Sukhumwit Rd., Khlong Toei Sub-District, Khlong Toei District,  
Bangkok 10110  
Tel. 0-2656-7891

**Type of Business** : Manufacturing of water sport equipments.

Holding in percent 14.28 %

Paid-up share capital 14,000,000 Baht

**Share Register**

Thailand Securities Depository Co., Ltd.  
1<sup>st</sup> Floor, the Stock Exchange of Thailand Building  
93 Ratchadapisek Road, Dindaeng, Bangkok 10400  
Tel. 0-2009-9000  
Fax: 0-2009-9991

**Auditors for the Year 2018**

Name Mr. Jadesada Hungsapruet C.P.A. No. 3759  
Auditing Firm: Karin Audit Co., Ltd  
75 CAT Telecom Town, Floor24, Charoen Krung Road  
Bangrak, Bangkok 10500  
Tel: 0-2634-2484-6 Fax: 0-2634-2668

**Legal Advisor**

The Union Mosaic Industry Public Company Limited has its own legal department.

## 2. Financial Summary

<b>Financial and Operation Results</b>	2018	2017	2016	2015	2014
Total Assets (Million Baht)	3,351	3,409	3,755	3,917	5,509
Total Liabilities (Million Baht)	1,765	1,796	2,009	2,103	3,085
Shareholders' Equity (Million Baht)	1,586	1,613	1,746	1,814	2,424
Total Revenues (Million Baht)	2,388	2,486	2,793	3,739	4,213
Gross Profit (Million Baht)	500	552	671	694	715
Net Profit (Loss) (Million Baht)	(90)	(30)	90	(390)	(72)
<b>Key Financial Ratios</b>					
Number of Shares (Million Baht)	837	837	837	837	837
Net Profit Margin (%)	(3.77)	(1.21)	3.21	(10.44)	(1.72 )
Return on Equity (%)	(5.68)	(1.87)	5.14	(21.52)	(2.99 )
Return on Total Assets (%)	(2.68)	(0.88)	2.39	(9.96 )	(1.31 )
Debt to Equity Ratio (Times)	1.11	1.11	1.15	1.16	1.27
Book Value per Share (Baht)	1.90	1.93	2.09	2.17	2.90
Net Profit (Loss) per Share (Baht)	(0.09)	(0.03)	0.13	(0.23)	0.04

### 3. Business Structure

The Union Mosaic Industry Public Company Limited has operated its business in manufacturing and distributing the followings:

1. “**UMI**” mosaic tiles, the company has already ceased the production of mosaic tiles. At present, this kind of tiles is bought for selling.
2. “**DURAGRES**” ceramic floor tiles, accounted for about 77% of UMI’s total production.
3. “**DURAGRES**” ceramic wall tiles, accounted for about 23% of UMI’s total production.
4. Porcelain floor tiles, the company have bought this kind of tiles for selling.

Moreover, the company has also imported some models of products from abroad for distribution and has made the joint investment in one of the companies that manufacture ceramic floor tiles and ceramic wall tiles, which are T.T. Ceramic Public Co., Ltd. with the investment rate at 66.58 percent of the paid up capital accordingly.

At present, average ceramic tiles consumption in domestic market is only about 3 square meters per head per year. There is an opportunity that this market growth rate can go up a lot as compare with many developed countries, which ceramic tiles consumption is 2-4 times higher than Thailand. As ceramics tiles products are very suitable to tropical climate of hot and muggy weather as Thailand. Therefore in the future, the demand in quantity still has a chance to increase more.

#### Subsidiaries

1. UMI Property Co., Ltd. has operated in real estate and property businesses. At present, the company has managed Chamnan Phenjati Business Center by selling and leasing office space.
2. Ruampat Ceramic Co., Ltd. is a trading company of ceramic tiles and other related products. At present, Ruampat Ceramic Co., Ltd. has acted as a distributor of ceramic tile for UMI and sells the other related products.
3. Cermas Co., Ltd. has run its business in selling mineral and soil which are used as raw material for manufacturing of ceramic tiles, with majority of its sales to UMI.
4. T.T. Ceramic Public Co., Ltd. has run its business in manufacturing and distributing Porcelain tiles.

### Income Structure of UMI's Group of Companies for the Past 3 Years

Product and Service	No.of Share	Revenues	2018 (MB )	%	2017 (MB )	%	2016 (MB )	%
The Union Mosaic Industry Public Co.,Ltd. Mamufacturer of glazed mosaic, floor and wall tiles		Sale	1,942.72	97.29	2,037.05	97.51	2,284.00	95.75
		Others	54.04	2.71	52.11	2.49	101.42	4.25
		Total	1,996.76	100.00	2,089.15	100.00	2,385.42	100.00
		% to Tatal Revenues		71.08		71.92		72.87
UMI Property Co.,Ltd. Property Business	37.57%	Sale	37.73	98.05	38	97.98	37.83	96.92
		Others	0.75	1.95	1	2.02	1.20	3.08
		Total	38.48	100.00	39	100.00	39.03	100.00
		% to Tatal Revenues		1.37		1.34		1.19
Ruampat Ceramic Co.,Ltd. Distributor of ceramic tiles and others	49.00%	Sale	101.69	98.27	142.27	98.97	203.02	99.84
		Others	1.79	1.73	1.49	1.03	0.33	0.16
		Total	103.48	100.00	143.76	100.00	203.35	100.00
		% to Tatal Revenues		3.68		4.95		6.21
Cermas Co.,Ltd. Selling mineral and soil that used in ceramic tiles production.	24.90%	Sale	90.31	99.71	83.00	99.95	91.74	99.67
		Others	0.26	0.29	0.04	0.05	0.30	0.33
		Total	90.57	100.00	83.04	100.00	92.04	100.00
		% to Tatal Revenues		3.22		2.86		2.81
TT Ceramic Public Co.,Ltd. Manufacturer of Ceramic,floor and wall tiles	66.58%	Sale	564.63	97.39	527.16	95.83	537.62	97.13
		Others	15.16	2.61	22.96	4.17	15.86	2.87
		Total	579.79	100.00	550.13	100.00	553.48	100.00
		% to Tatal Revenues		20.64		18.94		16.91
		Total Revenues	2,809.08	100.00	2,904.98	100	3,273.32	100.00
Increase (decrease) in income (Percent)			(3.30% )		(11.25% )		(20.00% )	

#### **4. Risk factors**

##### **Risk from Quality of Raw Materials**

Main raw materials that use to produce body of tile are mineral and soil, which its properties may be varied according to environmental situation, as the result it will affect the quality of the finished products. Therefore, the company has given precedence to quality control on raw materials throughout the process starting from acquiring the materials until entering into the production process.

##### **Risk from Out-dated Design**

As floor and wall tiles have started to become more fashionable products and the demand on new designs is varied according to popularity during each period of time in the market, the ability to launch new design products has to meet the customer demand is crucial. In order to minimize risk from out-dated design, the company has paid high attention on market research and trend analysis on design that customer require by stressing the improvement in development of new products to be on time to meet the customer demand. Moreover, the company has set up new product development team, which members have passed thru the academic training and studying program from aboard, to keep updating on technology and market trend as guide line in developing the company's new products.

##### **Financial risk**

The company and subsidiaries issued debentures with repayment scheduled in July 2017 and long-term loan from financial institutions, that the company must be careful in the management of sufficient liquidity to operating and repayment loan

##### **Energy cost risk**

One of the main production costs is energy cost especially natural gas. Trend of natural gas price has been increase which shall affect the company's production cost. However, the company has continued to improve the production process including machinery in order to maximize the efficiency of energy usage, and finally, to decrease the impact on the company's production cost factors.

##### **Risk from controlling influence by groups of majority shareholders**

The Company has 3 majority groups of shareholders consisting of Phenjati group, Laowiwatwong group and Tantranont group with combined of shareholding proportion at 50 percent of total shares and these 3 majority groups of shareholders have 6 directors from total of 12 directors of the Company, which there might be risk in form of controlling business and having the problem to guard against the rights of minority shareholders. However, the Company has set policy to improve the said problem in accordance with principle of transparency and good corporate governance as the Company has strictly conducted on the rights of shareholders and to treat all shareholders equally. Based on the assessment of corporate governance by Thai Institute of Directors (IOD), the Company always gets excellent mark on these 2 categories on all occasions (score higher than 90 percent). In addition, on the matter of arranging to set the Annual General Meeting of Shareholders the Company also gets full mark of 100 percent for many consecutive years on the quality assessment of organizing the Annual General Meeting of Shareholders by Thai Investors Association.

**Risk of exchange rate fluctuations**

The company also has its operation related foreign countries by importing finished goods, raw materials and equipment from abroad. Therefore company has made a forward contract to prevent risks from exchange rate fluctuations.

The company has sent its products to sell abroad. Even though, export sales proportion will not be much, but it is an additional part to accomplish full production capacity. Resulting in making the low average cost of production as reserve to prevent foreign exchange losses and there is the price negotiation in advance in Baht.



## 5. Shareholding Structure and Management

### 5.1 Shareholding

List of the first 10 largest shareholders as at March 15, 2018

No.	Name of Shareholders	No. of Shares (Shares)	% as of total shares	Note
1.	Captain Seranee Phenjati	75,514,250	9.027	
	Mrs. Punchalee Phenjiti	63,000	0.008	Spouse of person no.1
	Chamnan Co., Ltd.	39,060,000	4.669	Person no.1 holds shares more than 30%
2.	Mrs. Nongnart Phenjati	67,987,150	8.127	
3.	Mrs. Nipanan Tantranont	58,783,200	7.027	
	Mr. Voravat Tantranont	1,898,750	0.227	Spouse of person no.3
	Chammanard LP	7,140,000	0.854	Person no. 3 is Partnership Manager
4.	Miss. Paweena Laowiwatwong	52,743,600	6.305	
5.	Miss. Sunee Anantaprakorn	28,350,000	3.389	
6.	Mrs. Kanishtha Makdounghien	23,455,825	2.804	
7.	Mr. Sin Laowiwatwong	21,071,400	2.519	
8.	Miss. Peerapan Laowiwatwong	18,879,000	2.257	
9.	Mr. Methawee Laowiwatwong	18,795,000	2.247	
10.	Mrs. Piyanuch Prapawong	16,946,500	2.026	

**Note: Paid-up registered capital totally 836,504,741 Baht**

## 5.2 Management

### 5.2.1 Structure of the Company Management

#### 5.2.1.1 The Board of Directors

The Board of Directors of the company consists of 12 members, which 4 members are independent directors and are not less than one-third of total amount of directors according to Securities and Exchange Commission (SEC) requirement. In performing their duty, the Board of Directors has to be abided by law, under the company's regulations and objectives including the resolution made at the shareholders' meeting.

#### Qualification of Independent Directors

- (1) Any independent Director must also meet the following requirement holding shares in total not more than 1 percent of all shares that have right to vote in the company, holding company, subsidiary company, associated company, the major shareholder or the authority in control of the company, which shall be inclusive of shares held by his/her related persons.
- (2) Does not be or ever be the executive director, worker, employee or adviser that receive the regular salary or the authority in control of the company, holding company, subsidiary company, associated company, subsidiary company at same level, the major shareholder or the authority in control of the company, except disconnecting from such matter at least 2 years prior to the appointment date. Moreover, the aforementioned prohibit characteristics shall not include the case that independent director, who used to be government officer or advisor of government office that is the major shareholder or the authority in control of the company.
- (3) Does not be a person that has the lineage relation or by registering according to law in the form that is parents, spouse, relatives, and a child: including the spouse of a child of the executive, major shareholders, the authority in control, or a candidate, who will be nominated to be the executive or the authority in control of the company or subsidiary company.
- (4) Does not have or ever have any business relation with the company, holding company, subsidiary company, associated company, the major shareholder or the authority in control of the company in the form the might interfere with the independent decision of each director, including does not ever be the significant shareholder or the authority in control of the company, who have business relation with the company, holding company, subsidiary company, associated company, the major shareholder or the authority in control of the company, except that this person has already been disconnected from the aforementioned characteristics exceeding two years; before the appointed date.

The business relation according to the 1<sup>st</sup> paragraph, include trading transactions that is normally done for engaging in renting business of immovable property, any transactions about the assets or services, or giving or receiving financial assistance by borrowing or lending loan, putting up collateral security, putting up assets as principle as principle assets in debt guarantees, including any same behaviors, which cause the company or, its parties to be responsible to pay debt for the other parties up from three percent of the net tangible assets or from twenty million Baht going up, depend on which amounts are lower. For the aforementioned calculation of debt, it has to be calculated according to the method of value calculation of items that are related according to the Notice of the Securities and Exchange Commission (SEC) about the criteria in handling the compliant connected transactions. But in considering the aforementioned debt, it only counted the debt that was occurred during one year before the date of having connected transaction with the same person.

- (5) Does not be or ever be the auditor of the company, holding company, subsidiary company, associated company, the major shareholder or the authority in control of the company and does not be a significant shareholder, the authority in control, or partner of an auditing firm, which is the auditor of the company, holding company, subsidiary company, associated company, the major shareholder or the authority in control of the company, except the aforementioned characteristics has already been disconnected exceeding two years before the elected date.
- (6) Does not be or ever be the person who provides any professional services, which include the service as legal adviser or financial adviser that receive fee exceeding 2 million Baht a year from the company, holding company, subsidiary company, associated company, the major shareholder or the authority in control of the company, and does not be the significant shareholder, the authority in control or partner of the person who provides any professional services. Except the aforementioned characteristics has already been disconnected exceeding two years before the elected date.
- (7) Does not be director, who has been appointed to be the representative of the company's directors, major shareholders, or shareholders who relate to the major shareholders of the company
- (8) Does not operate the same type of business as to be significantly competed with the business of the company or subsidiary company or does not be significant in partnership or is director, who participate in administrating, employee , advisor, who receive regular monthly salary or holds shares more 1 percent of amount of all shares that have right to vote of the other company that operates in the same business type and significantly compete with the business of the company or subsidiary company.
- (9) Does not have any characteristics that shall not make any free opinion about operation of the company.

After being appointed as an independent director, who have already had the characteristics in line with clause (1) – clause (9), this independent director might receive an assignment from Board of Directors, in making decision in the operation of the company, holding company, subsidiary company, associated company, subsidiary company at same lever, the major shareholder or the authority in control of the company, by being able to have the decision making in the form of the committee (collective decision).

**Qualification of Audit Committee**

- (1) Be appointed from Board of Directors or the company shareholders' meeting to be audit committee.
- (2) Be independent director, who is in line with the requirement that is specified by the Securities and Exchange Commission and must have the following characteristics:
  - (A) Does not be director, who receive an assignment from Board of Directors, in deciding in operation of the company, holding company, subsidiary company, associated company, subsidiary company at the same level, the major shareholder or the authority in control of the company and;
  - (B) Does not be director of holding company, subsidiary company, or subsidiary company at same level, particularly a listed company.
- (3) Have duties at the same characteristics that are specified in the Notice of Stock Exchange of Thailand about the qualification and scope of work of audit committee.
- (4) Have enough knowledge and experience to perform the duty as audit committee, and must have at least one audit committee, who has enough knowledge and experience to perform his/her duty in auditing the reliability of the financial statement.

**The Board of Director's Name as follows**

**(As at December 31, 2018)**

**1. Captain Seranee Phenjati**

Position Chairman of the Board of Directors (appointed as director on March 9, 1994)

Date of Birth November 24, 1955 Age: 63 years old

Education Background - Bachelor of Sciences in Business Administration, Boston University, USA  
- Master of Science in Monetary Economics Northeastern University, USA

Experience - Army Officer Attached to Directorate of the Joint Intelligence,  
Supreme Command Headquarter  
- Treasurer: The Union Bank of Bangkok  
- Assistance to Managing Director: The Union Bank of Bangkok

Number of Shares: Self-own shares at 75,514,250 shares (9.027% of total shares with no trading during the year)

Hold by related persons at 39,123,000 shares (4.667% of total shares with no trading during the year)

Total at 114,637,250 shares (13.704% of total shares)

Training course in role and duty of directors: None

Developing and training during the past year to enhance knowledge on working as director: None

No. attended meeting/ No. total meeting: 4/4

Other Position at Present

Listed Companies: None

Unlisted Companies: - President, UMI Property Co., Ltd  
- Director, T.N. Co., Ltd

## 2. Mr. Suporn Prasardvinitchai

Position                      Audit Committee / Independent Director (appointed as director on April 23, 2003)

Date of Birth                November 24, 1936 Age: 82 years old

Education Background    - Bachelor of Laws,  
   Thammasat University

   - Barrister-at-Law, Institution of Legal Education Thai Bar Association

Experience                - Director General of Department of Thonburi Criminal Litigation

   - Qualified Public Prosecutor Commissioner in Public Prosecutor Commission Office of the Attorney General

   - Honorary Advisor and Vice Chairman of Committee on Independent Body Affair Group, Senate

Number of Shares: No self-own shares (no trading during the year)

   No shares hold by related persons (no trading during the year)

Training course in role and duty of directors: DAP From Thai Institute of Directors Association (IOD)

Developing and training during the past year to enhance knowledge on working as director: None

No. attended meeting/ No. total meeting: 4/4

Other Position at Present

Listed Companies:            None

Unlisted Companies:        None

## 3. Mr. Sivaporn Dardarananda

Position                      Independent Director (appointed as director on April 23, 2004)

Date of Birth                February 2, 1947      Age: 71 years old

Education Background    - MBA in International Business and Finance,  
   The Wharton School of the University of Pennsylvania, Pennsylvania, USA

Experience                - President, TISCO

   - Advisor for Governor of Bank of Thailand

   - Director, Corporate Debt Restructuring Advisory Committee (CDARC)

Number of Shares: No self-own shares (no trading during the year)

   No shares hold by related persons (no trading during the year)

Training course in role and duty of directors: DAP and the Role of Chairman from Thai Institute of Directors Association (IOD)

Developing and training during the past year to enhance knowledge on working as director: None

No. attended meeting/ No. total meeting: 3/4

Other Position at Present

Listed Companies:            - None

Unlisted Companies:        - Director, Dole Thailand Co., Ltd

4. Mrs. Nopparat Runguthaisiri

Position Chairman of Audit Committee /Independent Director  
(appointed as Chairman of Audit Committee on April 28, 2006)

Date of Birth June 25, 1951 Age: 67 years old

Education Background - B.S. (Statistics), Chulalongkorn University  
- Master of Science (Statistics), Texas A&M University, USA

Experience - Senior Chair Researcher, Chulalongkorn University Research Center  
- Faculty Staff (retired), Faculty of Commerce and Accountancy,  
Chulalongkorn University

Number of Shares: No self-own shares (no trading during the year)  
No shares hold by related persons (no trading during the year)

Training course in role and duty of directors: DAP From Thai Institute of Directors Association (IOD)  
Updated COSO Enterprise Risk Management: Integrating with Strategy  
and Performance" (IOD)

Developing and training during the past year to enhance knowledge on working as director: None

No. attended meeting/ No. total meeting: 4/4

Other Position at Present

Listed Companies: - None

Unlisted Companies: - Director, Clever Change Co., Ltd

5. Mrs. Nipanan Tantranont

Position Director (appointed as director on March 9, 1994)

Date of Birth April 25, 1960 Age: 58 years old

Education Background - Bachelor of Laws, Chulalongkorn University  
- Barrister-at-Law, Institution of Legal Education Thai Bar Association  
- Master of Public Administration, Saint Louis University, St. Louis, MO, USA

Experience Personal business and Investor

Number of Shares: Self-own shares at 58,783,200 shares (7.027% of total shares with no trading during the year)  
Hold by related persons at 9,038,750 shares (1.081% of total shares with no trading during the year)  
Total at 67,821,950 shares (8.108% of total shares)

Training course in role and duty of directors: DAP From Thai Institute of Directors Association (IOD)

Developing and training during the past year to enhance knowledge on working as director: None

No. attended meeting/ No. total meeting: 4/4

Other Position at Present

Listed Companies: - None

Unlisted Companies: - Director, UMI Property Co., Ltd  
- Director, T.N. Co., Ltd  
- Managing Partnership, Chammanard Ltd., Part

6. Mr. Voravat Tantranont

Position Vice Chairman of the Executive Board /Director (appointed as director on April 28, 2006)

Date of Birth January 10, 1959 Age: 59 years old

Education Background - Bachelor of Laws, Chulalongkorn University  
- Barrister-at-Law, Institution of Legal Education Thai Bar Association  
- MBA, Saint Louis University, St. Louis, MO, USA

Experience - Managing Director, Tantraphan Department Store (Chiangmai)

Number of Shares: Self-own shares at 1,898,750 shares (0.227% of total shares with no trading during the year)

Hold by related persons at 65,923,200 shares (7.881% of total shares with no trading during the year)

Total at 67,821,950 shares (8.108% of total shares)

Training course in role and duty of directors: DAP From Thai Institute of Directors Association (IOD)

Developing and training during the past year to enhance knowledge on working as director: None

No. attended meeting/ No. total meeting: 4/4

Other Position at Present

Listed Companies: - Independent Director, FN Factory Outlet Public Company Limited

Unlisted Companies: - Director, Choice Mini-Store Co., Ltd  
- Director, CR Chiang Mai (Thailand) Co., Ltd  
- Director, Tantraphan Supermarket (1994) Co., Ltd  
- Director, T.T. Ceramic Public Co., Ltd  
- Director, Choice Training Co., Ltd  
- Director, The Choice Property Development Co., Ltd



7. Mr. Methawee Laowiwatwong

Position	Executive Director (appointed as director on March 9, 1994)
Date of Birth	October 10, 1948 Age: 70 years old
Education Background	- Professional Certificate, Panichayakarn Pranakorn College - Mini-MBA, Thammasat University - Bachelor of Thai Traditional Medicine, Ramkhamhaeng University.
Experience	- An Expert in International Marine Service and Transport and Invited Lecturer to give lecture on the topic about Marine Transportation to various government agencies - To consult and be Special Adviser to various universities instructors on the subject of International Transportation Administration
Number of Shares: Self-own shares at 18,795,000 shares (2.247% of total shares with no trading during the year)	
	No shares hold by related persons (no trading during the year)
	Total at 18,795,000 shares (2.247% of total shares)
Training course in role and duty of directors: DAP From Thai Institute of Directors Association (IOD)	
Developing and training during the past year to enhance knowledge on working as director: None	
No. attended meeting/ No. total meeting: 4/4	
Other Position at Present	
Listed Companies:	- None
Unlisted Companies:	- Director, P.K.R. Group Co., Ltd - Director, T.N. Co., Ltd - Director, C.E.X. Transport Co., Ltd - Director, Chiew Charn Chai Kha Mai Co., Ltd - Director, Transmic Co., Ltd - Director, Cermas Co., Ltd

9. Mr. Marut Mangklabruks

Date of Birth June 19, 1968 Age: 50 years old

Experience	- Managing Director, Thai Prosperity Advisory Co., Ltd
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Number of Shares: No self-own shares (no trading during the year)

No shares hold by related persons (no trading during the year)

Training course in role and duty of directors: DCP From Thai Institute of Directors Association (IOD)

## Certificate of Completion the Advanced Audit Committee

### Programs from Thai Institute of Directors Association (IOD)

Strategic Board Master Class Retreat (IOD)

Developing and training during the past year to enhance knowledge on working as director: None

No. attended meeting/ No. total meeting: 3/4

Other Position at Present

Listed Companies: - Director, TPBI Public Co., Ltd.

Unlisted Companies: - None

Position	Chairman of the Executive Board of Directors (appointed as director on April 23, 2004)
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Date of Birth                      October 9, 1944 Age: 74 years old

Education Background	- Bachelor of Engineering, Chulalongkorn University
	- Advanced Management Program Graduate School of Business, Harvard University, USA

Experience - The Siam Cement Public Company Limited

Number of Shares: No self-own shares (no trading during the year)

No shares hold by related persons (no trading during the year)

Training course in role and duty of directors: DAP From Thai Institute of Directors Association (IOD)

Developing and training during the past year to enhance knowledge on working as director: None

No. attended meeting/ No. total meeting: 4/4

Other Position at Present

Listed Companies: - None

Unlisted Companies:

- Chairman of the Board of Directors, Cermas Co., Ltd
- Director, T.T. Ceramic Public Co., Ltd

10. Mr. Somboon Uranukul

Position Managing Director, Executive Director (appointed as director on April 29, 2015)

Date of Birth December 12, 1960 Age: 58 years old

Education Background - B.E. in Mechanical Engineering, King Mongkut's Institute of Technology,  
Thonburi (KMITT)  
-Master of Industrial Engineering and Management,  
Asian Institute of Technology (AIT)

Experience - The Siam Cement Public Company Limited

Number of Shares: No self-own shares (no trading during the year)  
No shares hold by related persons (no trading during the year)

Training course in role and duty of directors: DAP From Thai Institute of Directors Association (IOD)

Developing and training during the past year to enhance knowledge on working as director: None

No. attended meeting/ No. total meeting: 4/4

Other Position at Present

Listed Companies: - None

Unlisted Companies: - Director, T.T. Ceramic Public Co., Ltd

11. Miss Kiratcha Laowiwatwong

Position Executive Director (appointed as director on May 11, 2016)

Date of Birth July 17 1969 Age: 49 years old

Education Background - Bachelor of Economics - International Economics, Chulalongkorn University  
- MBA (Finance), University of Akron, USA

Experience - Senior Funding Officer, National Finance and Securities Public Company Limited

Number of Shares: Self-own shares at 14,733,650 shares (1.76 % of total shares with no trading during the year)  
No shares hold by related persons (no trading during the year)  
Total at 14,733,650 shares (1.76% of total shares)

Training course in role and duty of directors: None

Developing and training during the past year to enhance knowledge on working as director: None

No. attended meeting/ No. total meeting: 3/4

Other Position at Present

Listed Companies: - None

Unlisted Companies: - None

12. Miss Pavarisa Phenjati

Position	Executive Director (appointed as director on April 28, 2017)
Date of Birth	May 22 1984 Age: 34 years old
Education Background	<ul style="list-style-type: none"><li>- Chulalongkorn University (Bachelor of Arts in economics, International Program)</li><li>- Chulalongkorn University (Master of Sciences in Architecture and Applied Economics)</li><li>- Certificate in Aligning Strategy and Sales, Harvard Business School, Harvard University</li><li>- Certificate in Driving Digital Strategy, Harvard Business School, Harvard University</li><li>- Certificate in Creating Share Value, Harvard Business School, Harvard University</li><li>- Graduate Diploma, Program for Leadership Development (PLD), Harvard Business School, Harvard University</li></ul>
Experience	<ul style="list-style-type: none"><li>- Special lecturer in Economics and Management at Bangkok University (International Program)</li><li>- Chief executive officer, Cloud Nine Creation Co., Ltd.</li></ul>
Number of Shares: Self-own shares at 3,360,000 shares (0.402 % of total shares with no trading during the year)	
No shares hold by related persons (no trading during the year)	
Total at 3,360,000 shares (0.402 %of total shares)	
Training course in role and duty of directors: None	
Developing and training during the past year to enhance knowledge on working as director: None	
No. attended meeting/ No. total meeting: 3/4	
Listed Companies:	- None
Unlisted Companies:	<ul style="list-style-type: none"><li>- Director /Chief executive officer, Cloud Nine Creation Co., Ltd.</li><li>- Director, Pava Group Co.,Ltd.</li></ul>

Remark:      - All Board of Directors can be authorized director to sign, as any two of Directors shall co-signed and stamped with the company seal.

                  - No independent director who has business relation or provide professional service with the company, holding company, subsidiary company, associated company, or juristic person who may have potential conflict with its value is more than that is specified in the qualifications of independent director.

**Scope, Authority, Role and Duty of Board of Directors of the Company as follows:**

- (1) To set up policy and direction for the operation of the company including supervising and controlling. To look after management team to make sure that the operation shall be carrying out, in according to the specified policy with efficiency and effectiveness. To maximize value added economics for business and profit of shareholders.
- (2) To be responsible for implementing duty and role in according to the law, objective and regulation of the company including the resolution of shareholders' meeting with loyalty, honesty and carefulness. To keep the company's benefit including consistency responsible for the shareholders.
- (3) To keep on monitoring the operation and performance of management team regularly as to get the effectiveness in operating the company business.
- (4) To operate so that the company has internal audit measurement to make sure that there is efficient internal audit system including risk management and reliable financial report.
- (5) To check and to audit so that there is no conflict of interest and non-conformity action between related person.

The company has also supported every director to get training, building, and developing knowledge and skill in taking the position of Directors. In addition, every new director will be provided with training to get the important and related information.

**5.2.1.2 Subcommittee**

The Board of Directors has appointed subcommittee to assist in monitoring the operation of the company as follows:

- 1) The audit committee

The audit committee consists of at least 3 independent members and at least 1 person shall have enough knowledge in accounting and finance to audit the validity of financial statement. The audit committee meeting should be least 1 time per quarter and joined meeting with the company audit shall be least once a year without participating from management team.

**The audit committee names are as follows:**

No.	Name	Position	No. of Attending Meeting/ No. of Total Meeting
1.	Mrs. Nopparat Runguthaisiri	Chairman of Audit Committee	4/4
2.	Mr. Suporn Prasandvinitchai	Audit Committee	4/4
3.	Mr. Krit Phunratanamala	Audit Committee	3/4

Mr. Krit Phanratanamala is the person, who has knowledge and experience in auditing financial statement. In 2018, the Audit committee has held the joined meeting with the company's auditors 2 times during the year. If necessary, the audit committee shall consult with the independent advisors from outside and the expenses will be paid by the company.

Term of staying in the position: Audit Committee term of staying in the position is 3 years.

**Scope, Authority, Role and Duty of the Audit Committee are as the following:**

- (1) To review the company's financial reporting process to ensure that it is accurate and adequate;
- (2) To review the company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit;
- (3) To review the company's compliance with the law on securities and stock exchange, the Exchange's regulations, and the laws relating to the company's business;
- (4) To consider, select, nominate, and dismiss an independent person to be the company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year;
- (5) To review the connected transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the company;
- (6) To prepare, and to disclose in the company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information:
  - (a) An opinion on the accuracy, completeness and creditability of the company's financial report,
  - (b) An opinion on the adequacy of the company's internal control system,
  - (c) An opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the company's business,
  - (d) An opinion on the suitability of an auditor and nominate auditor,
  - (e) An opinion of the transactions that may lead to conflicts of interests,
  - (f) The number of the audit committee meetings, and the attendance of such meetings by each committee member,
  - (g) An opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter; and
  - (h) Other transaction which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the company's board of director;
- (7) To perform any other act as assigned by the company's board of directors; with the approval of the audit committee.

## 2) Executive Board of Directors

The Executive Board of Directors consists of 7 members, which could be the company's director, executives or individuals with knowledge and experience; has duty to help the company's directors to manage and supervise the operations of the management to be strong and conforming to the policy of the Board of Directors with efficiently and effectively.

The Executive Board of Directors will meet once a month. There is no fixed term of holding the position, but the Executive Board shall carry on until changing the orders happen.

### **List of Executive Directors**

No.	Name - Surname	Position
1	Mr. Marut Mangklabruks	Chairman of the Executive Board of Directors
2	Mr. Voravat Tantranont	Vice Chairman of the Executive Board of Directors
3	Mr. Somboon Uranukul	Executive Director
4	Mr. Sutin Youthanavaraporn	Executive Director
5	Miss. Kiratcha Laowiwatwong	Executive Director
6	Miss. Ratirat Laowiwatwong	Executive Director
7	Miss. Pavarisa Phenjati	Executive Director

### 5.2.1.3 Profile of executive and administrative officers (As of December 31, 2018)

1. Mr. Marut Mangklabruks

Position Chairman of the Executive Board of Directors

Date of Birth October 9, 1946

Education Background - Bachelor of Engineering, Chulalongkorn University  
- Advance Management Program, Harvard University

Number of Shares: No self-own shares (no trading during the year)  
No shares hold by related persons (no trading during the year)

Position in Other Company

- Chairman of the Board of Directors, Cermas Co., Ltd
- Director, T.T. Ceramic Public Co., Ltd

2. Mr. Voravat Tantranont

Position Vice Chairman of the Executive Board of Directors

Date of Birth January 10, 1959

Education Background - Bachelor of Laws, Chulalongkorn University  
- Barrister-at-Law, Institution of Legal Education Thai Bar Association  
- MBA, Saint Louis University, USA

Number of Shares: Self-own shares at 1,898,750 shares (0.227% of total shares with no trading during the year)  
Hold by related persons at 65,923,200 shares (7.881% of total shares with no trading during the year)  
Total at 67,821,950 shares (8.108% of total shares)

Position in Other Company

- Independent Director, FN Factory Outlet Public Company Limited
- Director, Choice Mini-Store Co., Ltd
- Director, CR Chiang Mai (Thailand) Co., Ltd
- Director, Tantraphan Supermarket (1994) Co., Ltd
- Director, T.T. Ceramic Public Co., Ltd
- Director, FN Factory Outlet PCL
- Director, Choice Training Co., Ltd
- Director, The Choice Property Development Co., Ltd



3. Mr. Somboon Uranukul

Position                      Managing Director

Date of Birth                December 12, 1960

Education Background    - B.E. in Mechanical Engineering, King Mongkut's Institute of Technology,  
Thonburi (KMITT)

                                     -Master of Industrial Engineering and Management  
                                     Asian Institute of Technology (AIT)

Number of shares: No self-own shares (no trading during the year)

                                     No shares hold by related persons (no trading during the year)

Position in other company

                                     - Director, T.T. Ceramic Public Co., Ltd

4. Mr. Surin Wongkittipat

Position                      Assistant to Managing Director / Company's Secretary

Date of Birth                March 12, 1951

Education Background    -Bachelor of Accountancy (Costing), Chulalongkorn University

                                     -Company Secretary Program 15/2006 Intake from Thai Institute of Directors (IOD)

Number of Shares: Self-own shares at 65,100 shares (0.008% of total shares with no trading during the year)

                                     No shares hold by related persons (no trading during the year)

                                     Total at 65,100 shares (0.008% of total shares)

Position in other company

                                     - Director, Cermas Co., Ltd

                                     - Director, UMI Property Co., Ltd

                                     - Directors, Ruampat Ceramic Co., Ltd

                                     - Director, Surf Dynamics Co., Ltd

5. Mr. Bandit Woonbamrung

Position                      Manager, Internal Audit Office

Date of Birth                January 23, 1968

Education Background    -Bachelor of Business Administration (General Management) Sukhothai Thammathirat University

                                     - Fundamentals of Law for Corporate Secretaries. Class 12/2014

                                     Intake from Thai Listed Companies Association

                                     - Fundamental Practice for Corporate Secretary. Class 30/2014

                                     Intake from Thai Listed Companies Association

Number of shares: No self-own shares (no trading during the year)

                                     No shares hold by related persons (no trading during the year)

Position in other company: None

6. Mr. Sutin Youthanavaraporn

Position                      Sale and Marketing Director

Date of Birth                November 9, 1965

Education Background    -Bachelor of Science in Economics  
   Chulalongkorn University (1<sup>st</sup> Class Honors, Gold Medal)  
   -MBA, Thammasat University

Number of shares: No self-own shares (no trading during the year)

   No shares hold by related persons (no trading during the year)

Position in other company

   -Managing Director: T.T. Ceramic Public Co., Ltd

7. Miss Ratirat Laowiwatwong

Position                      Finance and Accounting Director / Director - Corporate Strategy Officer

Date of Birth                September 5, 1973

Education Background    - Bachelor of Accountancy (costing), Chulalongkorn University  
   - MBA (Finance), University of Denver, USA  
   -Company Secretary Program 15/2006 Intake from Thai Institute of Directors (IOD)

Number of shares: Self-own shares at 6,881,700 shares (0.823% of total shares with no trading during the year)

   No shares hold by related persons (no trading during the year)

   Total at 6,881,710 shares (0.823% of total shares)

Position in other company

   Director, Cermas Co., Ltd

   Director, T.T. Ceramic Public Co., Ltd

8. Miss Kiratcha Laowiwatwong

Position                      Director – Corporate Human Resource Office

Date of Birth                July 17, 1969

Education Background    - Bachelor of Economics - International Economics, Chulalongkorn University  
   - MBA (Finance), University of Akron, USA

Number of Shares: Self-own shares at 14,733,650 shares (1.76 % of total shares with no trading during the year)

   No shares hold by related persons (no trading during the year)

   Total at                      14,733,650 shares (1.76% of total shares)

Position in other company: None

#### 9. Miss Pavarisa Phenjati

Position	Executive Director
Date of Birth	May 22 1984
Education Background	<ul style="list-style-type: none"><li>- Chulalongkorn University (Bachelor of Arts in economics, International Program)</li><li>- Chulalongkorn University (Master of Sciences in Architecture and Applied Economics)</li><li>- Certificate in Aligning Strategy and Sales, Harvard Business School, Harvard University</li><li>- Certificate in Driving Digital Strategy, Harvard Business School, Harvard University</li><li>- Certificate in Creating Share Value, Harvard Business School, Harvard University</li><li>- Graduate Diploma, Program for Leadership Development (PLD), Harvard Business School, Harvard University</li></ul>
Number of Shares: Self-own shares at	3,360,000 shares (0.402 % of total shares with no trading during the year)
	No shares hold by related persons (no trading during the year)
Total at	3,360,000 shares (0.402% of total shares)
Position in other company:	Director / Chief executive officer, Cloud Nine Creation Co., Ltd. Director, Pava Group Co.,Ltd

#### 5.2.1.4 Personal

As at December 31, 2018, the company has total employees as the followings:

	Male (Persons)	Female (Persons)	Total (Persons)
Head office employee	132	143	275
Factory employee	351	253	604
Total	483	396	879

#### 1. Employee's remuneration

Employees will receive the remuneration in term of wage, allowance, and bonus and overtime payment including welfare in accidental insurance, health insurance, and employee provident fund with total remuneration for the year 2018 equal to 325,998,087 Baht.

#### 2. Policy in employee's development

The company has intention to support the developing of personnel to be a valuable person for society. In the meantime, training and developing program on personnel has been employed continuously to keep up the employee with the modern knowledge and technology.

#### 5.2.2 Selection Process of Directors and Executives

The Nomination committee has not yet been appointed by the company. Therefore, all of the board of directors will consider together in selection and submit for appointing the suitable and qualified person to be Directors and Managing Directors. However on the qualification of nominated director, the board shall also consider the necessity skill that the board is still lack in order to fulfill its need. The shareholders' meeting shall approve the selection of nominated director by majority votes and in voting to elect this director every shareholder's vote shall be counted as 1 share per 1 vote.

### 5.2.3 Remuneration of the Management

#### 5.2.3.1 Monetary remuneration

Year 2018

(As at December 31, 2018)

Director of the Company	Meeting Allowance of Directors (Baht)	Meeting Allowance of Audit Committee (Baht)	Annual Bonus (Baht)	Total (Baht)
1. Captain Seranee Phenjati Chairman of the Board of Directors	480,000	-	-	480,000
2. Mrs. Nopparat Runguthaisiri Chairman of Audit Committee, Independent Director	240,000	60,000	-	300,000
3. Mr. Suporn Prasardvinitchai Audit Committee, Independent Director	240,000	60,000	-	300,000
4. Mr. Krit Phunratnamala Audit Committee, Independent Director	240,000	60,000	-	300,000
5. Mr. Sivaporn Dardarananda Independent Director	240,000	-	-	240,000
6. Mr. Voravat Tantranont Vice Chairman of the Executive Board of Directors	240,000	-	-	240,000
7. Mr. Marut Mangklabruks Chairman of the Executive Board of Directors	240,000	-	-	240,000
8. Mr. Methawee Laowiwatwong Director	240,000	-	-	240,000
9. Mrs. Nipnant Tantranont Director	240,000	-	-	240,000
10. Mr. Somboon Uranukul Managing Director	240,000	-	-	240,000
11. Miss Kiratcha Laowiwatwong Executive Director	240,000	-	-	240,000
12. Miss Pavarisa Phenjati Executive Director	240,000	-	-	240,000
<b>Total (Baht)</b>	<b>3,120,000</b>	<b>180,000</b>	<b>-</b>	<b>3,300,000</b>

Year 2018

Executive Board of Directors & Administrative Officers	Persons	Payment (Baht)
Monthly Salary And Bonus	9	23,720,640

### 5.2.3.2 Other Remunerations

The Board of Directors does not receive other remunerations. But the executives receive other remunerations in total amount of 854,628 Baht from Social Security Fund and Provident Fund name “Tisco Master Ruamtun 1, Provident Fund” with TISCO Asset management Co., Ltd. acts as fund manager. And executives, who are the members, have to contribute into fund by deducting from wages at rate of not less than 3 percent of wages but not more than 15 percent of wages. In the meantime, the employer will have commitment to contribute to the fund in the same day that the members contribute to the fund at the rate in percentage of wages as the followings:

Amount of working year	Contribution (%)
0-5 years	3
More than 5 years	4

### 5.2.4 Good Corporate Governance

The Board of Directors has considered and reviewed the implementation of good corporate governance code for listed companies in the year 2017, was issued by the Securities and Exchange Commission, has been deployed in accordance with the business context of the Company. The code of conduct that has not yet been applied, the Board of Directors will consider the appropriateness and take action in the next occasion.

The Company has complied with the principles of good corporate governance with details as follows:

#### 5.2.4.1 Shareholders’ Right and Equitable Treatment

In 2018, the Company held 1 shareholders’ meeting as the Annual General Shareholders’ Meeting for the year 2018 which the Company has adopted the policy to provide convenience and promotion for shareholders especially institutional investors to attend the shareholders’ meeting. As during September 5, 2017 to December 31, 2017 at least not less than 3 months before the end of the year, which was not less than 6 months before the Annual General Meeting of Shareholders took place, the Company has invited the minority shareholders to submit additional agenda, name of the persons to be elected as directors and to send the advance inquiry to the Company via E-Mail by sending the letter to Chairman of the Board of Director, Board of Directors, President of the Company or Secretary of the Company with details for considering by Directors according to guideline whether the matters shall be brought in for the meeting as to be listed on agenda of the meeting or not. The information including specified criterion is posted on website of the Company and Stock Exchange of Thailand. The meeting has been held at the meeting room, 27<sup>th</sup> floor, Chamnan Phenjati Business Center Building, Rama 9 Road, Huai Khwang District, Bangkok, which located near subway station and many public passenger buses passing by so it is easy for shareholders to travel to attend the shareholders, meeting. All of 12 members of the Board of Directors attended the meeting including executives and the Company’s auditor. The Company has provided enough facility to accommodate the shareholders including the convenience in car parking and registration for attending the meeting. The letter of invitation with information on each agenda item (in Thai and English language) is sent to the shareholders not less than 15 days prior to the meeting. Moreover, all of the previous mentioned (in Thai and English language) information is posted on the Company’s website in advance for 31 days prior to the meeting and the Company has also informed the information through Stock Exchange of Thailand (SET). There are no additional agenda items or any change in the important matters without notifying the shareholders in advance. The right to make an inquiry to Board of Directors in the meeting has been provided, without any limitation to the right to attend the meeting of shareholders in case of the late arrival and there is Board of Directors’ opinion on each agenda item as supporting information. Moreover, the resolution of shareholders’ meeting shall be disclosed including result of voting on the day after shareholders’ meeting date by reporting as News Letter to SET and post it on the Company’s Website. It is a complete and correct minute of meeting as shareholders can check and examine. This minute of meeting will be posted on website of the Company within 14 days. An alternative way has been arranged by the Company for the

shareholder by allowing the independent directors to act as proxy to attend the meeting on your behalf in case that the shareholders cannot attend the meeting. During the meeting, the Shareholders have been encouraged to express their opinion on the matter that related to the agenda. The election of each of the Company's director is by voting and the election card will be used in the important agenda, in case that the unanimous resolution of the meeting cannot be reached.

The Board of Directors of the Company has realized about their duties to take care and to protect every shareholder so that they are treated equally and fairly; such as the right to get share certificate, to transfer share, and to receive sufficient Information on time. It is also included the right to attend the meeting, vote at shareholders' meeting, to elect and to remove directors and to consider the approval of appointing the independent auditor and the right in dividend payment.

To protect against conflict of interest, the Board of Directors has to consider with carefulness when there might be any conflict of interests by following the rule and regulations of Stock Exchange of Thailand (SET) including set up policy and method to prevent management and the related person from using the company's information for their own personal interests as follows.

For any possible conflict of interests, the Board of Directors has acknowledged the possible conflict of interests and all related items and the matter has been properly considered every time by following the rule and regulations specified by Stock Exchange of Thailand (SET). All directors or executives who might have any interests or involvement will not be participated in decision making process to consider these related business transactions as to make sure that the transaction is fairly done according to the market price and the normal business practice.

For supervising of the handling of internal information:

- The management has to report any change of stock ownership to the Office of the Securities and Exchange Commission and to the company every time that there is any change immediately.
- Internal information of the Company shall be disclosed after the information has already been sent to SET. And the Company has strictly abided by this rule all the time.

Everyone in the organization have been informed about the above mentioned principles and policies as guideline for practice with the follow up on the results regularly.

#### 5.2.4.2 Stakeholders' role

The company has given an important to the role of all stakeholders including shareholders, employees, customers, dealers, competitors, community / society and environment. The company has realized that as a large industrialized company, environmental concern and safety has always been the important matters. Therefore, the company's policy and guidelines for serving to stakeholders in according to the good governance are as the followings.

1. Shareholders: The company has set policy to carefully perform the duty with transparency for stable and sustainable growth by taking into consideration the benefit and the maximized satisfaction of every shareholder.
2. Employees: The company has set policy to equally and fairly treat the employees and has provided the employees with suitable payment for both income and welfare to be in line with the company's operation results both short term and long term. In short term, in addition to salary employees are also entitled to annual bonuses as the company will consider the rate of pay in line with the profit each year including the results of each employee's performance assessment, which is evaluated twice a year by the supervisor. For long term, the company has adjusted its annual salary based on performance appraisal in conjunction with economic information such as inflation rate and the system of work values is used to consider the promotion of employee position. Employee Provident Fund has been set up as long term welfare. Human resource committee and Welfare committee has been arranged to look after employees and to solve any conflicts between the company and the employees and among the employees. The company also arranges to have policy to take care for safety, occupational health in workplace (according to TIS 18000 / OHSAS 18001-2007), and personnel development including arranging training to increase knowledge, skill, safety and occupational health in workplace at every level of employees regularly. In the year 2018, average training in hours equaled to 4.84 hours per head. The statistics record of accident from working all year was kept, in 2018 there were 1 accident from working. Moreover, the company has set its policy not to relate with human right violation matters, by fighting against the use of child labor and illegal workers; and there is no discrimination against gender, race, and religion.
3. Customers: The company has set the policy to apply fair treatment with an attention and responsibility to customers by producing quality and standardized products. The information of customers will be kept confidentially. The customers complain procedure has been set up to get the problem corrected as fast as possible.
4. Business partners: The company has set the policy to apply fair treatment and responsibility to business partners by purchasing raw materials, goods and services from business partners and has complied with condition and agreement according to the contract in every matter. Moreover, there is policy to select business partners by considering doing business with business partners, who have ethic in not doing illegal business and is responsible to social and environment. The company arranges Procurement Department to collect the data records of business partners and to periodically assess business partners.
5. Competitors: The company has set the policy to apply fair treatment and responsibility to competitors by practicing in according to the fair competitive guide line and has abided by basic rules of competition to avoid using the unethical method in offending the competitors. In addition, the company has tried to improve on the product standard instead, in order to be benefit to customers.
6. Community / society: The company has set the policy to be responsibility for the community and the society both from inside and outside of the factory by participating in the support of activities related to community development according to its capability and opportunity (policy and practices of society and environment, as reported in clause 5.2.8), with confidence in democracy; illegal activities have been discouraged including not to violate intellectual property or copyright, counter corruption and not paying bribe to gain advantage on the company business. Moreover, the company has set the process in

risk assessment of any corruption and has guideline to conduct corporate governance to protect and pay attention to risk from corruption by setting system to investigate and to set the approval authority according to line of command. Internal audit office has been set up to follow up and to evaluate the implementation of the policy and report to the management regularly including arranging for staffs training about policy and practice to counter corruption. The measures taken by the company are to ensure that it can be supervised and regulated to prevent and follow up on the risk from corruption.

The company has organized a monthly management meeting to monitor the performance of various policies including anti-corruption corruption, which top executives and the Audit Committee will receive the performance report and, if the corrupt is found, the responsible person will be punished according to the company's regulations.

In case of complaint that there may be wrong doings, complainant can also complain verbally or send a complaint letter to supervisors or top executives. The complainant will be protected and fully impartial and the committee will be set up to investigate the facts.

7. Creditors: The company has set the policy to apply fair treatment and be responsible to creditors by complying with term, condition and agreement of borrowing with fairness and responsibility, especially the terms and condition of guarantee on capital management and on event of the defaulted payment; as the Board of Directors shall always pay closely attention to Debt/Equity Ratio whether it is at properly level. In addition, in order to maintain the ability to repay and if there is any reason that causes the inability to repay debt on schedule, the negotiation with creditors to resolve common problems will be set up.

8. Environment: The company has set the policy to take the responsibility for the environmental issues both from the impact of direct business involvement and public environment. Efficiency resource consumption has been promoted including employees knowledge and training on environment has also been provided by using TQM system management that helps to train all employees on their contribution to increase productivity, reduce losses, and reduce energy consumption etc. (policy and practices of society and environment, as reported in clause 5.2.8).

If there is any damage from the violation of legal rights by the company, the company arranges to have policy to take responsibility for the compensation of the damage and the company is pleased to hear comment from the stakeholders as to get efficiently participation. If the stakeholders have any complaints on misconduct or unethical behavior or violation of legal rights, then complaint shall be made in form of letter to the Board of Directors or Managing Director by sending mail via postal to the company according to the specified company's address printed in this Annual Report. Finally, the investigation will be taken and be reported to the Board of Directors accordingly, as for the complainants, they shall receive fully protection no matter that complainants are staffs or stakeholders.



#### 5.2.4.3 Information disclosure and transparency

The company has strictly practiced about the disclosure of the company important information both the financial information and the non-financial information by disclosing correctly, completely, timely, transparently and conforming to the rules and regulations of the Securities and Exchange Commission (SEC) and Stock Exchange of Thailand (SET). Moreover, information disclosure process has also been scrutinized regularly.

Corporate objective and long term goal, as defined in the vision, is to be the leading manufacturer and distributor of ceramic tiles and related products as consumers' first choice with sustainable growth. To achieve long-term goals, the company has set the core mission as follows: making satisfaction with all stakeholders, keeping the average growth rate no lower than industry growth with continued profit, developing new product and continuous innovation; developing personnel, product quality and continuous customer service.

The company has set a policy to report where the offense is committed (Whistle Blowing) in any case by requiring the complainant to make a letter to the Board of Directors or the Audit Committee and it can be sent by mail to the company address as stated in this Annual Report. The Board will review and take action where appropriate, and the complainant will be fully protected.

In the annual report, there is information about the conduct of Board of Directors and the Subcommittee such as Audit Committee and Executive Board of Directors including the training record of Directors.

The company has set policy that directors and executives shall report the stock trading, the company's shareholding, conflict of interest, and the connected transaction to the company for acknowledgement every time as to be considered in the Board of Directors' Meeting and the essential connected transactions shall be considered and approved by the Board of Directors.

Remuneration for Directors and the Executives, the Board of Directors has set up with the policy to be in line with the principle that link to the performance of the company and the conduct of Directors and each individual Executive. The remuneration is in the same level with the industry, but high enough to take care and keep Directors and qualified management with the company. The remuneration in the year 2018 that the company has paid to Directors and Executives including remuneration from conducting as committee and performing other duties in the subsidiaries company with details in cause 5.2.3 of the annual report.

On the environment and social policy, the company has supported the program to develop the responsibility for community, social and environment including discourage the illegal activities. The company has also assisted and made the donation to various suitable projects with details in cause 5.2.8 of the annual report.

There is the report of responsibility of Board of Directors on financial report signed by the Chairman of Board of Directors and Managing Directors. This report has stated about the conduct according to generally accepted accounting practice suitable to business and accounting policy with consistently practice. Therefore, there is correctly and completely information according to accounting standard that has already been disclosed in the annual report.

The company has also set up its own website to provide currently details on quarterly report of operations, with management discussion and analysis (MD & A) and Annual Report that can be downloaded together with lasted quarterly report of the company's performance including nature of business, financial statements, corporate governance policy and operation results according to ethical business policy in summary, shareholders' structure, Board of Directors' structure, organization's structure, business group's structure; including proportion of shareholding, information about directors and executives, information on investors relation, vision, mission, policy, business ethics and operation result on environment and society (all the information are listed in the Annual Report to be presented on the company's Website), published news of the company, the company's Articles of Association, and the downloadable letter of invitation to attend the meeting; with all of these information in both Thai and English language.

The work unit to handle investor relation has been established and Miss. Ratirat Laowiwatwong was appointed as a manager to make a contact with institutional investors, shareholders including investment analyst and general public. In addition, there are also a quarterly press conference to media and a meeting with investment analyst periodically.

Investor can make a contact for information by telephone number 0-2248-7007 or at website [www.umi-tiles.com](http://www.umi-tiles.com) or using email address: [investor@umi-tiles.com](mailto:investor@umi-tiles.com) with the executives' cooperation in dealing with investor relation and preparing the annual investor relation plan.

The company has hired an auditor that is independent with recognized qualification as the company's auditor and the aforementioned auditor must be an auditor that has been approved by the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) as well

#### 5.2.4.4 Responsibility of Board of Directors.

##### A. Structure of Board of Directors

The Board of Directors had set policy to have wide variety of idea in the structure of the Board of Directors by having knowledgeable persons in many fields with no specific on gender and perceived that structure of current Board of Directors is properly as Directors consist of people with many varieties of knowledge capabilities, in accounting, finance, administration, law, engineering, logistics and statistics. The company Board of Directors consists of 12 persons with the following proportion.

Administrative Broad of Directors	7	Persons
Non-Administrative Broad of Directors	1	Persons
Independent Directors	4	Persons

One of independent director, Mr. Krit Phunratnamala has experience by working in the related business with the company as director of Quality House Public Company Limited and Diamond Building Products Public Company, which are in the real estate development and construction materials business that shall be benefit to management and every independent director has freedom and not under the influence of the Company's management and major shareholders.

The entire Board of Directors will officially participate in selecting new director with transparency when a director is vacant, as for the characteristics of nominated director; it shall be in line with business operation strategy of the company and be considered from the necessity skill that is still lack in the Board of Directors by submitting the name to the shareholders' meeting for approval. The names of each Directors, resume, education background, past experience, and number of holding shares have been disclosed in the annual report and website of the company.

Chairman of Board of Directors is also a shareholder of the company, but he is not the same person as the president. The Board of Directors has approved the definition of Independent Director of the company, which is in according to the minimum requirement of SEC, and number of Independent Directors is more than one – third of total number of Board of Directors. The number of Directors, which does not include Independent Director, is fairly in line with the proportion of the investment from each group accordingly. The information of each Director has been clearly disclosed in the annual report. The term of holding in the position of Director is abided by the Public Company Act that requires one – third of Directors has to retire in each of the annual ordinary shareholders' meeting. It has not been specified about the length of time in consecutive for staying in the position as long as they can perform their work with ease and efficiency. The term of staying in the position of the subcommittee is also the same, as there is no specific period of how long to stay in the position consecutively including number of years in each term except the Audit Committee, which the Board of Directors has specified that Audit Committee shall stay in the position for 3 years

The Board of Directors has set up the policy about holding the position of director at the other company, by abiding with the law and has limited number of listed companies that are able to take the position of director for no more than five companies according to the principles of good corporate governance. The information about holding the position of director at the other company has been disclosed in the annual report and there are no any directors, who hold the position of director in the listed company up to 5 companies. Moreover, there is no any executive who holds the position as director in the other listed company for more than 2 companies.

The Board of director had set up the policy to prohibit the managing director and the executives from holding the position of director at the competitor company in the same business, except to take the position of director in the subsidiary company as a representative of the company and the information about holding the position of directors by each executives has been reported in the annual report.

There is no any director or executive of the company who used to be employee or partner of Audit Company from the outside that the company has used its service as the company's auditor for the past 2 years.

The Board of Director has appointed Mr. Surin Wongkittipat, who is also a full-time employee of the company to be the secretary of the company with the following duties:

1. To provide the information on legal matter and various regulations that Board of Directors should know in carrying on the duty for the benefit of the company.
  2. To look after activities of Board of Directors.
  3. To coordinate as to guide the implementation according to the resolution of Board of Directors.
  4. To prepare and keep the following documents:
    - (A) Directors register book
    - (B) Invitation letter of Board of Directors' meeting, Minute of Board of Directors' meeting, and Annual Report of the company
    - (C) Invitation letter of shareholders' meeting and Minute of shareholders' meeting
  5. To keep records of Gain and Loss Report that reports to by directors or executives.
  6. Other operations to comply with the Notice of Securities Exchange Commissions.
- However, responsibility duty of the secretary of the Company shall also include supervise the operation of Compliance Unit.

#### **B. Subcommittee**

The Board of Directors of the Company has appointed Directors with special skill to be Sub Committee to assist in details studying and work screening for the Board of Directors. However, the responsibility of all activities of the Company to outside persons is still remained with the Board of directors. At present, there are 2 subcommittees, which are the Audit committee and the Executive Board of Directors.

Role and scope of responsibility of Subcommittee that has passed the approved of the Board of Directors and the other related details are appeared in the section 5.2.1.2 about Subcommittee in the Annual Report. The Subcommittee has always reported the results of the operation to the Board of Directors. For Audit Committee, the annual auditing report has been prepared for presenting the annual report of the company to the shareholders.

The Board of directors has not yet to set up Remuneration Committee and Nomination Committee but the Board of Directors will together consider the reviewing, and approving the remuneration, including selecting of directors and executives. In addition the nomination of new director when there is a vacancy and the name of eligibility nominator is proposed then the entire Board will jointly consider and making the resolution in the selection of director or proposing to the shareholders' meeting for approving the appointment of the nominator to the position of director, depending on the case.

#### **C. Role and Scope of responsibility of Board of Directors**

The Board of Directors has clearly considered the allocations of authority and the duty of Board of Directors and managements. They have also considered the approval of the important matters on the operation of the company such as vision, mission, strategy, plans and budget etc. including to follow up on the operation, and the performance of the management to be in according to specified policy, strategy and plan.

The Board has established and approved a business ethics policy for directors, executives and employees that directors, management, employees have to follow including guidelines for promoting business ethics by posting a notice at workplaces, defining it as a topic for new employee orientation, and publishing it in internal journals. In addition, follow-up on such operation is monitored under supervision of supervisors in hierarchical order and there is a punishment in case of ethical misconduct and it will be included for consideration in annual performance appraisal.

In the meantime, for the part about mission, strategy, plan and budget; the Board of Directors will periodically review and approve as necessary and appropriate, usually no more than every 5 years

The company is in the process of preparing a draft on good corporate governance policy in written form and to be approved by the Board of Directors. Policy has been set as to encourage every person in the organization to carry out the company operation in according to the principle of SET and Securities and Exchange Commission as always, including communicating and operation follow up has regularly been monitored.

For the part of Chairman of the Board of Directors, the Board of Director has set the duties in leading to good corporate government of the Board of Directors and has duty to support by giving the suggestion and assessing the operation results of the managing director.

In case of, there is any conflict of interests, the Board of Directors has set the policy to consider the matter in appropriate way by taking into account the best interests of the company and by prohibiting the person, who might has any conflict of interest, from participating in the consideration and to disclose complete and accurate information in the annual report and 56-1 form.

#### **D. the Board of Directors' meeting**

In 2018, there are 4 Board of Directors' meetings with advance yearly meeting time tables and each Director has already been informed about the schedule of meeting. The Chairman of the Board of Directors and Managing Director will together consider the agenda of the meeting. Directors can submit topics to be put on as agenda by informing to the Secretary of Board of directors. The complete document with significant information for the meeting will be sent to each Director in advance not less than 7 days before each meeting will take place. In case that there are any inquiries from Directors, the additional information can be asked from the Secretary of the Board of Directors.

During the meeting, the Chairman of the Board of Directors will allocate appropriate time for each Director to discuss the importance issues. In the minute of meeting, various information will be completely recorded such as date, starting time, ending time, name of Directors, who attended the meeting, the conclusion of important matters proposed by Directors, the conclusion of important issues that are discussed and commented by Directors, the resolution of the meeting and the objected opinion of the Directors, name of the recorder and name of certified person etc. Minute of meeting has been kept systematically with easily to be retrieved and cannot be revised without the approval of the Board of Directors' meeting. During every meeting when the Board of Directors will make the resolution, policy is set by Board of Directors that at least two-thirds of total directors attend the meeting.

The Board of Directors has found that number of the Board of Directors' meeting is sufficient and suitable for the Board of Directors to perform the duty accordingly. Type of business involved and number of time, that each Director has attended the meeting, has been disclosed in the section 5.2.1.1 of the annual report. The Executive Board of Directors will received report of operation results monthly and other directors will received the reports quarterly. Except that director, who is not executives, think that there is necessary, the meeting can be arranged themselves.

#### **E. Self-evaluation of Board of Directors**

Most of Board of Directors are the representatives from various major groups of shareholders, who have high responsibility for their achievement. Even though annual performance evaluation has not been done officially, discussion has been frequently held among them to improve the efficiency of the operational performance from time to time.

#### **F. Remuneration for Directors and Managing Director**

The Board of Directors has set the clear policy and rule for remuneration to director to be based on the performance of the company and the suitable of role, responsibility and usefulness of each individual director. There is the process in considering remuneration with transparency each year. This remuneration for directors is approved by shareholders at each annual general meeting. Subcommittee may receive appropriately additional remuneration for their additional responsibility in form of money and various types

of fee, which have been disclosed for each director in clause 5.2.3 in Annual Report. Board of Directors approves the remuneration of the Executive Director to be equal to other director in performing its duty as Director. The managing director's remuneration is specified by Board of Directors according to the performance and the evaluation result will be communicated through the Chairman of Board of Directors. Moreover, the managing director shall receive regular salary, subsidy from provident fund, and bonus; but the compensations that are subsidy from provident fund and annual bonus shall be at the same rate with the other staffs. The salary and bonus which is short term compensation will depend on annual performance, while the contributions to the provident fund which is the long term compensation will depend on the duration of the work.

#### **G. Development for Directors and the Management**

The Board of Directors has set the policy and guide line in providing knowledge to new directors and present Directors about role of director and major business attribution of the company by such as visiting the factory to gain knowledge on manufacturing process. Moreover, each director and the persons involved in managing and supervising the business of the Company will be informed about training and seminar project on new development and improving matters that are organized by SET, IOD etc. as to receive proper training. The plan for successor has been emphasized and established for the persons, who will succeed the present management by continuously training prospectors to be sure that there are persons to fill in when top management cannot perform their duty.

#### **5.2.5 Handling of Internal Information Usage**

The Board of Directors of the company should oversee that directors and executives cannot get benefit for themselves or others by using internal information that is confidential of the company or the associated company and especially, the information that has not yet been disclosed to public including the use of internal information for trading securities especially during 1 month before the financial statement are disclosed to public.

In securities trading, directors, executives including spouses and children who reach the legal age and related persons according to Section 258 of Securities Act Por. Sor.2535 of the previous mentioned person has to prepare and send report of securities holding including report of change in security holding in every transaction, transfer to or receiving transfer within 3 day counted from the date of transaction to Securities and Exchange Commission. The directors and executives have acknowledged role, authority and duty in reporting the holding of security according to the announcement of Securities and Exchange Commission and regulation of Stock Exchange of Thailand (SET).

It is the policy of the company that Director and Management have an obligation to report any trading of the company's shares and securities to Board of Directors of the company.

#### **5.2.6 Internal Control and Risk Management**

The company has organized to have the system for controlling and making internal audit by having system for operational control on the report of finance, compliance with the rules regulations and policies of the company. The company also has internal audit department with its independent function that shall report directly to the Audit Committee, Chairman of the Executive Board of Directors and the Board of Directors of the company. In addition the Audit Committee has reviewed the appropriateness and the adequacy of the internal control system regularly, at least once a year and gives its opinion on the adequacy of internal controls in the Annual Report.

The Board of Directors has the opinion that the Company has sufficient and suitable internal control system and has enough personals to carry on this task with efficiency including follow up on supervision of the operation of the subsidiaries to make sure that they can protect assets of the Company and subsidiaries from directors or executives with illegally or without authority in using them. No wrong doing has been found about internal control system up to present and the audit committee has the same opinion too.

The company has Office of Internal Audit with Mr. Bundit Woonbumrung as its manager. The Compliance Unit of the Company is under the supervision of the secretary of the company; Mr. Surin Wongkittipat, and the appointment of the manager of Office of Internal Audit has already passed the approval by the Audit Committee as his education, experience, and training is suitable enough to perform this task. However, the appointment, dismissal, and transfer of the person who holds the position of manager of Internal Audit Office shall get the approval from the Audit Committee.

The Board's policy on the aspects of risk management is to cover the entire organization with responsible persons for managing of risk in according to policy and regularly report to the Board of Directors. There is a systematic review of risk management including the effectiveness of risk management, as necessary. The company also focuses on early warning signs and irregularity transactions especially the main risks (Key Risk), for example: D/E ratio, energy costs, total inventories etc. which are reported to the Board of Directors on a quarterly basis. If the Board considers that there is any irregularity, they will get together to find a solution for both short and longer term.

#### **5.2.7 Compliance of Subsidiaries and Affiliates**

The Board of Directors has mechanism in good corporate governance that can supervise and responsible for the operation of the subsidiaries and affiliated companies in order to supervise the benefit of the company's investors by sending person as the representative of the company to be director, executive or supervisor of the said company at least according to proportion of shareholding which according to normal practice it has to report and get the opinion from the Board of Directors' meeting. Responsibility person shall be set to perform the duty about the disclosure of financial information on operation, the transaction between the said company and the relevant person, the acquisition or disposal of assets, or performing any material transaction of the said company completely and correctly by using rule that is related to disclosure of information and transactions of the said characteristics similarly to the rule of the Company.

#### **5.2.8 Social Responsibility**

The company has set the policy and vision to be manufacturer and distributor of tiles and related products that are the first alternative choice of consumers with sustainable growth. However, the retained obligation for practicing is to build satisfaction to every stakeholder besides keeping growth rate and make profit to shareholders in return including carrying on business with responsibility to social and environment and intent to develop personals, products, and services continuously.

The preparation of this report is based on the guide line of Corporate Social Responsibility Institute which is set up by Stock Exchange of Thailand (SET) and the group of stakeholders was defined by using related criteria to the organization. The stakeholders that the company considers important to its operation as follows: shareholders, employees, customers, trading partners, competitors, community and social, creditors, and environment. The methods that are used to communicate with the stakeholders are sub-meeting, opinion survey, complaint, and suggestion etc. The company shall use all the information as guide line to improve the operation as to continuously satisfy every group of stakeholders and it is also guide line for all affiliated company to put into practice.

Since tile production business is related to labor and the use of natural resources consisting of clay and stone as its main raw materials in production, there is a chance to cause pollution from fine dust and there are also the usage of water, fuel energy, and electricity energy in large quantity in production. Therefore, the company has emphasized the important to these issues in operating the business.

**Ethical Business Operation:** The company has set the policy to promote the free trading competition, not applying monopoly power, and not supporting the operation with characteristics in violating intellectual property and infringing a copyright. Besides, there is support for trading partner with social responsibility such as not using child labor or using illegal labor etc.

**Anti-corruption:** The company has set the policy that will not involve with any corruption whether it is inquire, acquire, and pay bribe; and oppose to those related to corruption including business partners, advisers, intermediaries or agents in business operation

and partners of the company. The company shall strictly comply by relevant laws, as the company has the adequate system in checking and preventing including taking fairly and openly action, if there is any transaction with potential conflicts of interest.

The company's internal audit department shall have duty on assessing the system of control, prevention, and monitoring risk from corruption and report directly to the Audit Committee. The company has specified guideline about good governance by having checking system and set approval authority according to hierarchy. Training is provided to the company's employees to get knowledge about policy and practical guideline on anti-corruption. In addition, the Audit Committee shall have a quarterly meeting with internal audit department and a meeting with external auditors at least once a year as to follow up the operation results and acknowledge that there might be unusual transactions including corruption. If any wrongdoing is found, there shall be a report to the Board of Directors.

In case that there is any complaint, the complainant shall file a verbal complaint or sending the complaint letter to supervisors or upper level management. The complainant shall receive fully safeguard and fairness. As the result the company shall set up the fact finding committee to investigate such a matter.

For the past year, no complaint has been reported and the Company has no such case about any corruption that is under investigated, prosecuted or convicted.

**Respect on Human Right:** The company has set the policy that will not involve in violating the human right, no forced labor and anti-using child labor. On policy level and practical guideline, there is no discrimination on employment against gender, race, and religious etc.

**Fair Treatment to Labor:** The company has set up Personnel Administration Committee and Welfare Committee consisting of both the representatives of employers and employees. The meeting has been taken place regularly as to encourage the workers participation and to be the channel for making better understanding between the company and its workers. The company has also received commemorative certificate in good labor relation administration from Saraburi Province.

The company does not restrict the right to set up Labor Union. At present, Labor Union of the Union Mosaic Industry Public Company has already been officially set up by workers.

On development and promotion of workers: the company has set guideline in developing skill and training for equally opportunity to get promotion with course of study for workers in each level as on the job training and classroom training both inside and outside factory such as teamwork building with walk rally activities, development of supervisors, marketing etc. For the year 2018, average hours in training is equally 4.84 hours per head and the quality management system has been brought in and adapting to be used all over the organization which are as follows: TQM, 5Ss, QCC, ISO 9001: 2015.

On health and safety the company has set the policy to promote health and safety by arranging for annual health check-up for employees providing health insurance and after work accidental insurance that is in addition to those specified by law. The company also provides vaccination against diphtheria and tetanus for its employees. Sport club of employees has been supported to set up such as football, badminton, and water sport etc. including organizing annual competition to build unity and for good health. The arrangement for contest on weight loss was organized as "Weight Loss Contest". Campaign on project to reduce the amount of accidents and safety week at work has been employed including establishing of Occupation Health and Safety System Management (TISI 18001/OHSAS18001-2007). In the year 2018 there was accident at work 1 times compared to the year 2017 which had accident at work 6 times; and the award for the campaign on 240 days of non-accident at work was presented. There are also the implement of safety and delicious food including assessing food stalls in the factory cafeteria according to standard of Health Ministry. Courses on basic and serious fire prevention drill are trained yearly and the company staff team was sent to visit employees who are sick and cannot go to work as usual.



On welfare Besides wage, salary, allowance, bonus and overtime the company has provided its employees with provident fund name “Tisco Master Ruamtun 1, Provident Fund” with TISCO Asset Management Co., Ltd acts as fund manager. The employees who are fund members have to contribute counterpart funds by letting the Company to deduct from wage at rate of not less than 3 percent of wage but not more than 15 percent of wages. In the meantime, the employer has to make the counterpart fund in the same day that fund member make the counterpart fund at the rate in percentage of wage as the followings:

Amount of working years	Contribution (in Percent)
0-5 years	3
More than 5 years	4

Furthermore the company has also supported youth education by providing yearly 77 scholarships to children of low income employees at 2,000 Baht per scholarship. Welfare store has been set up to provide the employees at the factory with low price goods. Certificates are given annually to employees with the Annual Employee Award Certificate of Excellence, Runner-up and Honorable Mentioned. Presents are given to retired employees. On National Labor Day, presents are given to employees in the form of consumable goods and organizing activities to make merit and offering dedicated to Buddhist monks on the auspicious occasion of employees' birthday in each month.

**Consumer responsibilities:** the Company has set the policy to create products and services that are worthy to social and environment with the acceptance of International Standard as certified product industrial standard by Thai Industrial Standard Institute, Ministry of Industry. Products are continuity developed to serve the consumer satisfaction. There are wide variety of products with neutral price and many price levels for every group of customers. The company has wide channel of distribution thru distributors that cover all around the country. In addition, the company has started to develop the online selling system. Tiles are also exported to many parts of the world such as Asia, Australia, America and Europe.

The corrected and appropriated information of products and services: It has to be disseminated to consumers with details of products and manual of usage printing on packing. There are products categories, products guarantee and problem solving for customer when quality problems arise. But no complaint has been reported about the impact or any danger from using the products.

Customer rights protection, the company has set the policy to keep the information of customer privately and training its employees to better understand the rights of customer private.

Fair marketing: the company has carried on fair marketing practice with no exaggerated advertisement or unethical action.

**Environment preservation:** the company has set the policy to develop production process and service that are environmentally friendly by keeping on developing process which emphasizes on the continuity of negative impact to social and environment. TQM: Administration management system has been brought in as to make every employee to participate in increasing productivity, reducing cost, reducing loss, reducing energy usage etc. The activities that have already been done are as follows:

To install waste water treatment system in the factory to bring back water for recycling and using in the production process;

To implement project about recycling all scrapped tiles by re-crushing and reused in new tile production;

To move crushing plant to mine to reduce the problem of dust that might have any effect to the communities around factory;

To set up energy management policy and energy saving committee to support energy saving policy and to participate in energy saving activities by every level of employees and the implementation of an energy management system ISO50001: 2018 was improved and put to use;

To set up energy saving project by campaigning to switch off electricity and air conditioning system in the office during lunch break. Cooling tower and air compressors at the factory have been moved to save energy. The motors in production lines totally 73 units were changed from 0.75 KW to high efficient motor of 0.4 KW with the cost reduction result of 311,747 Baht annually; and totally 148 electrical light bulbs were changed to LED bulbs with the cost reduction of 49,728 Baht annually etc.

To minimize paper usage project by promoting recycle of used paper and electronics system has also been employed in office work to substitute for paper;

To receive Carbon Reduction Label from Thailand Environment Institute (TEI), for the product with control standard, and efficiency in reducing carbon dioxide gas by manufacturing environmentally friendly products and reducing the global warming problem at present;

To improve on keeping environment as a whole according to Green Factory Policy;

To strictly implement Zero Waste Policy by using 3Rs principle, which is Reduce, Reuse / Recycle, and Replenish;

To participate in the Environmental Good Governance Project by corporate with Ministry of Industry;

To campaign for saving water in the workplace as anti-drought

**Participation in the development of community and social:** the Company has set the policy and has participated with various sectors such as government, local organization, and community etc. in social development. Some projects have implemented in 2018 and some projects have carried on continuously with details as follows:

-To join sustainable white factory project and receive the certification of preventing and solving the problems of drugs in work place;

-To arrange for blood donation by the company's workers, in 2016 with 24 persons take part in blood donors;

-To donate money to Tambon Phai Tam Municipal, Amphoe Nong Khae, Saraburi Province for supporting the organization of the Children Day;

-To donate books to Non-formal education center, Amphoe Nong Khae, Saraburi Province;

-To donate ceramic tiles to Wat Phran Nok, Amphoe Uthai, Ayutthaya Province; Wat Raj Charoen, Amphoe Nong Khae, Saraburi Province; Wat Nong Takhe School, Amphoe Nong Khae, Saraburi Province;

-To donate money and ceramic tiles to support the needy home repair and improvement project. "Baan Pracharat" in honor of His Majesty the King and Her Majesty Queen Sirikit, Tambon Phai Tam Municipal, Amphoe Nong Khae, Saraburi Province;

-To donate money to support various community development projects of Phai Tam Municipal and Koke Yae Sub-district Administrative Organization, Saraburi Province;

-To organize the project to invite employees to donate unused materials such as staples, aluminum pull tabs and CD etc to the wheelchair project for the disabled through Association of Persons with Physical Disability International, Pathumthani Province;

-To organize the project to invite employees to donate unused cloth bags to Wat Bot Hospital, Phitsanulok Province as these bags will be used to be filled with drugs for patients;

-To donate 45,000 Baht for helping the flood victims in the Lao People's Democratic Republic through the Prime Minister's Office;

-To donate 537,599 Baht together with trading partners to Nong Khae Hospital, Saraburi Province as to contribute funds to purchase medical equipment.

**Social Innovation:** the company has set the policy to develop innovation from the operation with social responsibility to add value and continuity to business and social. Production formula to reuse scrapped tiles has been developed in production as raw material. Co-Generator has been installed to reduce the use of outside electricity in order to save energy. Production system using Digital Printing Machinery has been developed to manufacture tiles with various designs including natural design such as marble design and wooden

design etc. with reality look that this kind of tiles shall be used to replace natural products is the result to reduce the use of natural products. There is “One Person One Idea for Our UMI” project by encouraging the employees to participate in proposing the improving method to develop their works including cost and loss reduction. There is also reward each month for proposer, whose suggestion has been chosen for practice. Monthly magazine naming “Interesting Story for Telling and Listening” (Rueng Na Roo Lao Soo Kan Fang) is distributed within the organization with the information about the company’s operation, safety in working, quality promotion and other social information that promote labor relation.

The company has set up an information technology department, to allocate and manage IT resources adequately including risk management with security measures of information technology. Information technology department will support the work of other departments in the organization to enhance business opportunities and develop the implementation of risk management in order to achieve its objectives and main goals.

The company's policy is to give its priority to society and the environment under the Code of Ethics and Good Corporate Governance which resulted in the company has been awarded the "ESG100 CERTIFICATE" from Thaipat Institute as in 1 out of 100 listed companies that has outstanding business practices for sustainable development prominently in Environment, Social and Governance: ESG in the construction materials group for the year 2015.

### **5.3 Dividend payment policy**

The company has set up dividend payment policy by specifying that payment shall be not less than 50 percent of the net annual profit of the company. The dividend payment policy of subsidiary companies to pay dividend to the company has not yet been specified.

## 6. Parties with Shared Interests and Transactions

<b>Ruampat Ceramic Co., Ltd.</b>	:	49 percent of its registered capital is invested by UMI and there is management including related persons, who hold shares more than 10%. Ruampat Ceramic Co., Ltd. serves as up country agent for UMI, with the same price and condition are applied as same as those for other agents.
Inter-Company Transaction	:	About 103 million Baht Ruamphat Ceramic Co., Ltd. has borrowed money from related companies to pay for the products amount of 2 million Baht, with interest rate of 6.35% per year.
<b>Cermas Co., Ltd.</b>	:	24.90 percent of its registered capital is owned by UMI. Main business of Cermas is to manufacture and to serve raw material such as clay and feldspars that are used in producing ceramic tiles as to be confident that the domestic raw materials will not be shortage for continuing production. And to make sure that the price of raw material will not be expensive together with consistency quality.
Inter-Company Transaction	:	About 23 million Baht
<b>UMI Property Co., Ltd.</b>	:	37.57 percent of its registered capital is owned by UMI. The company is in real estate business that owns Chamnan Phenjati Business Center. Up to 70 percent of 30 floors Chamnan Phenjati Business Center building space, has been sold. The remaining space of 30 percent is for rent. UMI has onwer three and a half floors of the building to be the company's office on the 27 <sup>th</sup> , 28 <sup>th</sup> , 29 <sup>th</sup> floors and half of the 30 <sup>th</sup> floor. And showroom at 1 <sup>st</sup> floor.
Inter-Company Transaction	:	UMI Property Co., Ltd. has borrowed money from Directors and the related company to use in debt restructuring with creditors, with an amount about 0.03 million Baht using interest rate equal to MLR and deposit rate of fixed account of leading commercial banks plus 2 percent per year.
<b>T.T.Ceramic Punlic Co., Ltd.</b>	:	A company which the Union Mosaic Industry Public Company Limited holds shares of 66.58 percent of its registered capital and have its executives including related persons holding shares more than 10%. Main business of T.T. Ceramic is to manufacture and distributing ceramic tiles and high quality porcelain tiles.
Inter-Company Transaction	:	About 456 million Baht per year

The company has set the policy on inter-related company transactions by mainly taking into account the best interests of the company; prices and conditions must be equal or better than the transactions with outsiders and this transaction shall not; result in individual stakeholders gain on the other financial benefits apart from the normal compensation, or cause damages to the Company, or be actions that are significantly conflict of interests to the Company.

Trend of future transactions shall are keep on going continuously at the rate closely to the previous year, on the condition that the said transactions are reasonable and can generate benefits to the company including being able to help the company to reduce the risk from business operation.

## 7. Management Discussion and Analysis of Financial Condition and Results of Operations

### 1. Analysis of overall operating results for the year 2018

In 2018, it is another year that the company is under the pressure of the increasingly competitive business environment from the challenges of changing consumer behavior, the effects of technology development that is rapidly changing, imported products and the rising of tile replacement materials which resulted in the company having to adjust and improve the business plan to keep up with such changes in order to serve both quality and price for customers.

This also includes the impact of the global economy from the US-China trade war and the implementation of the trade protectionism policy that will increase the risk of economic growth and recovery. When the trade war is prolonged, it will affect the world trade which has affected the company's export revenue to decrease by 7% compared to 2017, combined with higher production costs due to rising oil prices during the past year.

Operating income: The main business of the company is the production and sale of floor and wall tiles together with porcelain tiles under the brand of “DURAGRES” and CERGRES” with revenue from domestic sales of 87%, export to foreign countries of 7% and other income of 6%.

The main income of the company can be divided to 49% from the floor tiles business, 18% from wall tiles, 23% from porcelain tiles, 3% from soil rocks minerals, and 1% from real estate rental.

### 2. Performance

The operating results of the year 2018 of the Union Mosaic Industry Public Company Limited and its subsidiaries compared with the year 2017 for the year ended 31 December 2018 and 2017 are as follows:

Unit: Million Baht

Details	2018	2017	Increase (Decrease)	% Increase (Decrease)
-Revenue from sales	2,388	2,486	(98)	(4)
-Cost of goods sold	1,887	1,934	(47)	(2)
-Gross profit margin	500	552	(52)	(9)
-Other incomes	29	42	(13)	(30)
-Selling expense	362	341	21	6
-Administration expense	165	243	(78)	(32)
-Financial cost	41	45	(4)	10
-Profit before income taxes	(92)	(36)	(56)	157
-Income taxes	2	6	(4)	(59)
-Profit (loss) sharing for the year, attributable to the equity holders of the parent company	(77)	(25)	(52)	208

Sales revenue in 2018 was 2,388 million Baht, a decrease of 98 million Baht or 4 % from the end of 2017, it was mainly reduced by 94 million Baht in the parent company with details as downed by 14% in floor tiles and 8% in wall tiles, while imported tiles increased by 7%. Total subsidiary companies revenue decreased by 4% with details as downed by 29% in the part of one of subsidiaries which operates in trading business, while revenue of the subsidiary that produced and sold porcelain tiles was increased by 10% and revenue of subsidiary that does business in rock, soil, mineral has increased by 9% compared to the previous year. However, the main reason for the decline in revenue was because in early 2018, there was intense competition in both prices and imports of large amount of goods from abroad. However, the company has developed products, reduced costs, including adjusted the sales and marketing strategy in order to be able to compete so that the sales volume is not much reduced.

Gross margin decreased by 1% due to increased production costs from reducing production capacity to control inventory. Other income is 29 million Baht, a decrease of 12 million Baht due to lower rental income. Distribution costs 362 million Baht, an increase of 20 million Baht due to increased transportation costs from rising oil prices. Administrative expenses of 219 million Baht, a decrease of 24 million Baht from an attempt to control expenses. Financial costs 41 million Baht, a decrease of 5 million Baht. Income tax expense is 2 million Baht, a decrease of 4 million Baht, resulting in there is loss mainly attributable to shareholders equity for the year at 77 million Baht, an increase of 52 million Baht in loss.

### 3. Financial status analysis

The financial position of the Company and its subsidiaries as of December 31, 2018 compared with as of December 31, 2017

(Unit: in million Baht)

	Consolidated Statements			
Details	Dec.31, 2018	Dec. 31, 2017	Increase (Decrease)	Percent
<b>Assets</b>				
Current assets	1,418	1,423	(5)	(0)
Property, plant and equipment – net	1,770	1,896	(126)	(7)
Other non-current assets	164	90	74	82
<b>Total assets</b>	<b>3,351</b>	<b>3,409</b>	<b>(58)</b>	<b>(2)</b>
<b>Liabilities</b>				
Current liabilities	1,569	392	1,177	300
Non-current liabilities	196	1,404	(1,208)	(86)
<b>Total liabilities</b>	<b>1,765</b>	<b>1,796</b>	<b>(31)</b>	<b>(2)</b>
<b>Shareholders' equity</b>				
Paid-up share capital	837	837	(0)	(0)
Parent company shareholders' equity	590	607	(17)	(3)
Non – controlling interest	159	170	(11)	(6)
<b>Total shareholders' equity</b>	<b>1,586</b>	<b>1,613</b>	<b>(27)</b>	<b>(2)</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,351</b>	<b>3,409</b>	<b>(58)</b>	<b>(2)</b>

### **Assets**

As of December 31, 2018, the total assets of the company and subsidiaries as at December 31, 2018, amounted to 3,351 million Baht, a decrease of 58 million Baht from the end of 2017 and it was the result of:

Cash and cash equivalents decreased by 36 million Baht due to the payment of debt;

Temporary investments decreased by 80 million Baht from sales to be used as working capital;

Available-for-sale investments decreased by 5 million Baht to repay debt;

Trade and other receivables - net increased by 74 million Baht, classified by aging as follows:

- Receivables that have not yet reached maturity 53%;
- Accounts receivable overdue not more than 3 months 37%;
- Overdue more than 3 months to 1 year 10%;

The company has considered the quality of the debtors by analyzing each debtor in giving credit terms including keeping track of outstanding debts closely and regularly, and the allowance for doubtful accounts for long outstanding receivables of the year 2018, equivalent to 2 % of the trade accounts receivable balance.

Credit policy for trade accounts receivable are as follows:

1. The ability to pay for debt on the merchandise of the store;
2. The attention of the store's executives;
3. The potential growth of the store;
4. A good accounting system that is transparent, verifiable;
5. A good warehouse management and delivery management system;
6. Stable, strong and comprehensive collaterals.

Inventories increased by 37 million Baht. The company tried to control inventory by stopping the production line of some sizes of tiles that are slow moving. There are promotions to drain the products.

Property, plant and equipment - net decreased by 128 million Baht from depreciation.

In 2018, the company invested in a new Enterprise Resource Planning (ERP) management system by bringing in SAP S / 4 HANA software system that covers the management of accounting, purchasing, costs, warehouse management, delivery and sales system that is linked as standard and automatic resulting in efficiency, reducing time, reducing complexity and can track the entire system.

### **Liabilities and shareholders' equity**

Total liabilities of the company and its subsidiaries as of 31 December 2018 amounted to 1,765 million Baht, a decrease of 31 million Baht or 2 percent, due to short-term loans from financial institutions increasing by 64 million Baht to repay debt as scheduled. Trade accounts payable increased by 87 million Baht, which is a debt that has not yet been due. Other current liabilities decreased by 2 million Baht. Debentures decreased by 152 million Baht due to repurchase of debentures before maturity, causing the outstanding debentures amounted to 347 million Baht. Liabilities under the debt restructuring plan, was decreased by 26 million Baht. Non-current liabilities decreased by 3 million Baht, resulting in a debt to equity ratio of 1.11 times.

Shareholders' equity at the end of the year 2018 amounted to 1,586 million Baht, a decrease of 27 million Baht or 2 percent from the result of the change in the revaluation surplus of assets according to the fair value increased by 65 million Baht and the change in the fair value of investments decreased by 5 million Baht. Finally, the result of total comprehensive loss for the year 2018 was at the amount of 77 million Baht.

#### 4. Liquidity and capital adequacy

The liquidity of the company and subsidiaries for the year ended December 31, 2018 had net cash decreased by 36 million Baht as net cash brought forward from the year 2017 at the amount of 75 million Baht, resulting in net cash at the end of the year decrease to 39 million Baht with details of each cash activities as follows:

Details	Unit : in million Baht
-Net cash came from (using in) operation activities	99
-Net cash came from (using in) investment activities	32
-Net cash came from (using in ) funding activities	(167)
-Cash and cash equivalents increase (decrease) – net	(36)
-Cash and cash equivalents at the beginning date of period	75
-Cash and cash equivalents at the ending date of period	39

Net cash from operation was worth 99 million Baht came from interest payments of 41 million Baht, payable to creditors increased by 74 million Baht, depreciation and amortization at the amount of 215 million Baht, add back allowance for impairment of assets at 29 million Baht, accounts receivable and other receivables increased by 78 million Baht, inventories increased by 38 million Baht, interest received 12 million Baht. Cash paid for employee benefit obligations of 17 million Baht.

Net cash received from investing activities amounted to 32 million Baht with cash received from temporary investments of 82 million Baht. There is money for investment of 20 million Baht to replace old equipment that has been damaged and used for a long time. The company has invested in a new Enterprise Resource Planning (ERP) management system by bringing in SAP S / 4 HANA software, which covers the management of accounting, purchasing, costs, warehouse management, delivery and sales system that is linked as standard and automatic resulting in efficiency, reducing time, reducing complexity and can track the entire system at the amount of 33 million Baht.

Net cash used in funding activities was 167 million Baht consisting of the repayment of loan to financial institutions at the amount of 32 million Baht, payment for the purchase of the debentures before maturity at the amount of 152 million Baht. There is short-term loan increase by 64 million Baht, and the payment of dividend payment amounted to 2 million Baht and interest payment of 42 million Baht.

The company is still able to manage liquidity and have sufficient working capital to operate with a plan to issue new debentures to repay the old debentures that will be due on July 18, 2019. At present, the remaining amount of debentures is 375 million Baht. The company has made the inquiry with the existing debenture holders, which still has confidence to go on holding the debentures of the company. The reason for funding by issuing the debenture, because the company does not require having its property be pledged as collateral to financial institutions, and to verify the confidence of the outsider toward the company.



### Financial ratios and profit per share of the company and subsidiaries

Financial ratio and profit per share	Unit	2018	2017	2016
<b>Liquidity ratio</b>				
Current ratio	Times	0.90	3.63	3.35
Quick ratio	Times	0.42	1.77	1.92
Account receivable turnover	Days	83	80	78
Inventory turnover	Days	144	133	110
Account payable turnover	Days	63	60	51
<b>Financial ratio</b>				
Debt to equity ratio	Times	1.11	1.11	1.15
<b>Profitability ratio</b>				
Gross profit margin	%	21	22	24
Net profit margin	%	-3.77	-1.21	3.21
Return on assets	%	-2.68	-0.88	2.39
Return on equity	%	-5.67	-1.87	5.14
<b>Profit per share</b>				
Profit per share	Baht/Share	-0.09	-0.03	0.13

#### Liquidity ratio

Due to a subsidiary company having problems on defaulting debt collection with financial institutions, therefore it is necessary to classify non-current liabilities into all current liabilities resulting in a significant reduction in various financial ratios. The company is currently negotiating to adjust the amount of the payment to be in line with the cash flow that the subsidiary can pay.

Liquidity ratio of 2018 compared to 2017 is 0.90 times and 3.63 times, down from the previous year.

The liquidity ratio is at 0.42 times and 1.77 times as well.

The period of debt collection increases to 83 days from 80 days from providing additional credit terms for customers who open new branches.

The turnover of inventories increased to 144 days from 133 days of the previous year. The company has tried to control the inventory by setting it as a policy of work and promotion is set up to drain the products.

#### Financial ratio

Debt to equity ratio of 2018 compared to the previous year, remaining unchanged at 1.11 times.

#### Profitability ratio

Gross profit margin of 2018 decreased to 21 percent from 22 percent, partly due to rising gas cost price which is the main factor of production.

The year 2018, the company's operating results suffered losses, causing a negative return ratio. When comparing loss with the previous year, loss of the year 2018 was at 0.09 Baht per share, while loss of the year 2017 was at 0.03 Baht per share.

## **5. Obligations and liabilities that may arise**

Obligation and liabilities that may arise as at December 31, 2018; it is an obligation under operating lease from 1-5 years at the amount of 39 million Baht which was normal operating leases.

## **6. Factors affecting future performance**

The company may also be affected by factors influencing future performance as follows;

1. Economic fluctuations: From investment in various government projects that are not much enough, fast enough that may affect the spending as the purchasing power of people in the country declined. The spending of middle-income and low-income groups of people remains sluggish. The direction of declining farm income in agriculturist and increased household debt, have caused the sales of tiles to be affected. The value of Baht appreciation from the exchange rate changes also affects the export of products. This also includes the volatility of the global money market and the uncertainty of the US economic policy and trade war with China that is still prolonged.
2. Technology that advances together with rapidly changing social circumstances: The company also has product development and sales model to increase sales opportunities and market value in order to be more competitive including entering the e-commerce business to expand the customer base thoroughly.
3. Current market competition from both domestic and abroad in the tile business: There are various replacement products to play a major role and imported products that have the advantage of cost causing the company has to step through the challenges that come in these various forms. Also, the price of energy, which is one of the important factors in the production, has gone up.

For the year 2019, the company plans to operate at a growth rate of 7% compared to 2018 by creating new opportunities to drive for the higher revenue base. The company will increase trade partners in all sectors and connect to neighboring countries by increase online distribution channels. In the product section, the company has arranged for a port of large size products according to market demand as to increase the proportion sales of products. On high value added products, the company has developed a wide variety of products that are different from others, and increase the proportion of imported tiles by searching for the products which its cost is very competitive including adding related products such as vinyl and laminate etc.

The company continues to have a plan to build the brand of "Duragres" and "Cergres" continuously by focusing on the development of the organization both internally and externally to ensure the sustainability in business operation.

## **8. Remuneration of the Company's Auditors**

The company's auditor for the year 2017 was Mr. Jadesada Hungsapruet, a certified public account registration no. 3759 from Karin Audit Co., Ltd which has been received the remuneration as follows:

Audit fee: 1,694,000. - Baht

Non-Audit fee: None

The company does not make any payment to persons or operations associated with the acquisition auditor and the audit office under auditor.

Investors can study information of the Company that issue additional securities from Annual Registration Statement (Form 56-1) of the Company that has been posted on [www.sec.or.th](http://www.sec.or.th) or website of the Company [www.umi-tiles.com](http://www.umi-tiles.com).

## **REPORT OF AUDITOR**

To        The Shareholders of The Union Mosaic Industry Public Company Limited

### **Opinion**

I have audited the financial statements of The Union Mosaic Industry Public Company Limited and subsidiaries, which comprise the consolidated and separate statements of financial position as at December 31, 2018, and the related consolidated and separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position of The Union Mosaic Industry Public Company Limited and subsidiaries as at December 31, 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the consolidated financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

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### **Impairment of Assets in Subsidiary and Classification of Machinery**

#### **Risk**

As discussed in Notes 11 and 14 to the financial statements, a subsidiary might understate loss on impairment of assets due to having continuous loss on its operations. Test of impairment is significant for the audit because, as at December 31, 2018, the values of property, plant and equipment of the subsidiary are material amounts to the consolidated financial statements.

#### **Risk Responses of Auditor**

My audit procedures responded to the risk referred to above are summarized as follows:

- Observed and reviewed report of non-operating or damaged assets.
- Reviewed value-in-used of assets evaluation by conducting reasonableness analysis of future income projection and expenses information.
- Assessed assumptions and methods used by experts for value-in-use of assets evaluation, including assessment of professional competency of experts.

### **Impairment of Investment in Subsidiary**

#### **Risk**

As discussed in Note 9.2 to the financial statements, the Company might have an indication of impairment of investment in subsidiary due to having continuous loss on the subsidiary's operations. And this risk also associated with the risk of impairment of assets in subsidiary. If the subsidiary records loss on impairment of its assets, it will also have an impact to the impairment of investment in subsidiary as well.

#### **Risk Responses of Auditor**

My audit procedures responded to the risk referred to above are summarized as follows:

- compared recoverable amount (adjusted net book value) versus book values of investment at the end of accounting period.
- reviewed assumptions and methods used by experts, including assessment of professional competency of experts.
- performed calculation test for recording loss on impairment of investment.

### **Allowance for Declining in Value of Inventory**

#### **Risk**

As discussed in Note 8 to the financial statements, the Company might have indications of impairment of inventories, due to the risk of products obsolescence.

#### **Risk Responses of Auditor**

My audit procedures responded to the risk referred to above are summarized as follows:

- reviewed classification of inventories aging noted in the ending balance of inventory report and performed calculation test for recording allowance for declining in value of inventory in accordance with the Group's accounting policy
- reviewed the management's judgment with respect to recording allowance for declining in value of inventories based on historical average selling price
- In addition, I have compared the values at cost to the net realizable value. Calculated from the sales price after the end of the year.

#### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Jadesada Hungsapruerk



Mr. Jadesada Hungsapruerk  
 Certified Public Accountant (Thailand)  
 Registration No. 3759

Karin Audit Company Limited  
 Bangkok, Thailand.

February 26, 2019



**THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**STATEMENTS OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2018**

**ASSETS**

(Unit : Baht)					
	Notes	Consolidated		Separate	
		As at	As at	As at	As at
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
<b>Current assets</b>					
Cash and cash equivalents	5	39,042,846	75,157,796	13,300,791	57,797,296
Current investments	6	20,580,849	102,005,067	-	80,260,429
Trade and other current receivables	7 , 30.1.1	581,275,050	507,420,673	529,755,438	441,085,866
Short - term loans	30.1.3	-	-	57,043,010	50,043,010
Inventories	8	764,297,971	727,425,097	520,894,104	485,913,296
Other current financial assets		-	-	1,232,011	2,693,652
Other current assets		12,337,079	11,078,429	4,889,618	207,854
<b>Total current assets</b>		<b>1,417,533,795</b>	<b>1,423,087,062</b>	<b>1,127,114,972</b>	<b>1,118,001,403</b>
<b>Non-current assets</b>					
Investments held available for sale	28	6,795,500	11,505,000	6,795,500	11,505,000
Investments in associates	9.1	-	-	-	-
Investments in subsidiaries	9.2	-	-	310,470,865	302,506,482
Other long-term investments	9.3	2,000,000	2,000,000	2,000,000	2,000,000
Trade and other non-current receivables	30.1.4	-	-	49,102,081	-
Investment property	10	41,569,351	43,397,303	824,277	824,277
Property, plant and equipment	11	1,769,531,106	1,895,998,657	792,836,800	849,404,047
Intangible assets	12	34,713,351	1,371,021	27,661,728	-
Deferred tax assets	13	2,985,750	2,854,005	8,385,192	25,826,116
Other non-current financial assets		-	-	-	1,232,011
<b>Other non-current assets</b>					
- Machine non-used in operation	14	46,061,605	-	-	-
- Construction in progress and install assets	15	-	-	-	-
- Other non-current assets	16	29,491,806	28,637,663	5,628,200	5,628,200
<b>Total non-current assets</b>		<b>1,933,148,469</b>	<b>1,985,763,649</b>	<b>1,203,704,643</b>	<b>1,198,926,133</b>
<b>Total assets</b>		<b>3,350,682,264</b>	<b>3,408,850,711</b>	<b>2,330,819,615</b>	<b>2,316,927,536</b>

**THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**STATEMENTS OF FINANCIAL POSITION (CONT.)**

**AS AT DECEMBER 31, 2018**

**LIABILITIES**

(Unit : Baht)					
		Consolidated		Separate	
		As at	As at	As at	As at
	Notes	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Current liabilities					
Bank overdrafts and short-term borrowings from financial institutions	17	103,527,474	39,136,634	101,364,631	37,210,532
Trade and other current payables	18	370,376,264	283,222,703	284,188,047	181,765,984
Current portion of long-term liabilities					
- Debentures	19	346,808,627	-	346,808,627	-
- Liabilities under debt rehabilitation plan	20	734,602,022	54,309,454	-	-
- Loans from financial institutions	21	683,257	867,480	-	-
Current income taxes payable		2,800,168	2,989,804	-	-
Current provision for employee benefit	22	6,587,272	5,250,280	6,021,732	3,549,980
Other current provisions		-	360,000	-	-
Other current financial liabilities		2,819,604	4,156,988	2,569,157	4,136,359
Other current liabilities		481,152	1,889,050	-	1,422,967
Total current liabilities		1,568,685,840	392,182,393	740,952,194	228,085,822
Non-current liabilities					
Long-term borrowings					
- Debentures	19	-	498,065,436	-	498,065,436
- Liabilities under debt rehabilitation plan	20	-	706,600,212	-	-
- Loans from financial institutions	21	779,176	1,462,433	-	-
- Long-term borrowings from related parties	30.1.6	19,290,000	24,490,000	-	-
Deferred tax liabilities	13	84,672,058	72,651,568	-	-
Non - Current provision for employee benefit	22	78,681,361	86,541,136	66,318,660	75,069,109
Other non-current financial liabilities		2,545,018	4,038,521	1,716,177	3,990,427
Other non-current liabilities		10,319,532	9,826,841	-	-
Total non-current liabilities		196,287,145	1,403,676,147	68,034,837	577,124,972
Total liabilities		1,764,972,985	1,795,858,540	808,987,031	805,210,794

**THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**STATEMENTS OF FINANCIAL POSITION (CONT.)**

**AS AT DECEMBER 31, 2018**

**SHAREHOLDERS' EQUITY**

(Unit : Baht)				
	Notes	Consolidated		Separate
		As at December 31, 2018	As at December 31, 2017	As at December 31, 2018
Shareholders' equity				
Share capital				
Authorized share capital				
836,504,795 ordinary shares of Baht 1.00 each		836,504,795	836,504,795	836,504,795
Issued and paid-up share capital				
836,504,741 ordinary shares of Baht 1.00 each		836,504,741	836,504,741	836,504,741
Share premium				
Share premium on ordinary shares		15,500,685	15,500,685	15,500,685
Retained earnings				
Appropriated				
Legal reserve	24	83,650,474	83,650,474	83,650,474
Unappropriated		313,999,568	391,100,309	422,691,712
Other components of shareholders' equity		176,667,637	116,601,436	163,484,972
Total shareholders' equity of parent company		1,426,323,105	1,443,357,645	1,521,832,584
Non-controlling interests		159,386,174	169,634,526	-
Total shareholders' equity		1,585,709,279	1,612,992,171	1,521,832,584
Total liabilities and shareholders' equity		3,350,682,264	3,408,850,711	2,330,819,615

**THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**STATEMENTS OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

(Unit : Baht)					
	Notes	Consolidated		Separate	
		2018	2017	2018	2017
Revenues form sales	30.2	2,387,874,844	2,486,086,186	1,942,724,978	2,037,046,779
Cost of sales	30.2	(1,887,439,577)	(1,934,284,526)	(1,593,951,253)	(1,624,614,632)
Gross (loss) profit		500,435,267	551,801,660	348,773,725	412,432,147
Other income	30.2	29,320,508	41,608,924	54,036,731	52,107,059
Distribution costs		(362,095,504)	(341,187,637)	(290,030,591)	(281,972,780)
Administrative expenses	30.2	(192,393,538)	(214,775,842)	(95,902,416)	(140,606,976)
Director and management benefit expenses		(26,970,640)	(28,142,530)	(26,970,640)	(28,142,530)
Total expenses and other income		(552,139,174)	(542,497,085)	(358,866,916)	(398,615,227)
Profit (loss) before financial costs and income tax expense		(51,703,907)	9,304,575	(10,093,191)	13,816,920
Finance costs	30.2	(40,694,283)	(45,498,935)	(28,071,343)	(33,895,951)
Profit (loss) before income tax expense		(92,398,190)	(36,194,360)	(38,164,534)	(20,079,031)
Income tax expense	27	2,469,512	6,063,664	(3,354,764)	2,625,775
Profit (loss) for the years		(89,928,678)	(30,130,696)	(41,519,298)	(17,453,256)
<b>Other comprehensive income (loss)</b>					
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
Defined benefit plan actuarial gains (loss)	22	-	(27,633,694)	-	(27,633,694)
Gain (loss) on remeasuring investments held as available for sale		(4,761,650)	(325,016)	(4,709,500)	(375,000)
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
Gain (loss) on revaluation of assets		68,983,536	-	56,344,640	-
Total comprehensive income (loss) for the years		(25,706,792)	(58,089,406)	10,115,842	(45,461,950)
<b>Profit (loss) for the years attributable to:</b>					
Equity holders of the parent		(77,100,741)	(25,308,721)	(41,519,298)	(17,453,256)
Non-controlling interests		(12,827,937)	(4,821,975)	-	-
		(89,928,678)	(30,130,696)	(41,519,298)	(17,453,256)
<b>Total comprehensive income (loss) attributable to:</b>					
Equity holders of the parent		(17,035,540)	(53,292,621)	10,115,842	(45,461,950)
Non-controlling interests		(8,671,252)	(4,796,785)	-	-
		(25,706,792)	(58,089,406)	10,115,842	(45,461,950)
<b>Basic earnings (loss) per share</b>					
Net profit (loss) (Baht : Shares)	29	(0.09)	(0.03)	(0.05)	(0.02)
Weighted average number of ordinary share (shares)		836,504,741	836,504,741	836,504,741	836,504,741

**THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

(Unit : Baht)												
Consolidated												
Equity holders of the parent												
Retained earnings				Other components of shareholders' equity								
Notes	Share capital issued and paid-up	Premium on ordinary shares	Appropriated	Unappropriated	Defined benefit	Revaluation surplus	Surplus on change	Fair value changes	Total other	Total other	Non-controlling Interests	Total
					plan actuarial gains (loss)	of lands	in shareholding in subsidiary	on investments	components of shareholders' equity	components of shareholders' equity of the parent		
Beginning balance as at January 1, 2017	836,504,741	15,500,685	83,650,474	515,696,620	-	113,988,734	5,084,547	(2,121,639)	116,951,642	1,568,304,162	177,302,369	1,745,606,531
Paid dividends	23	-	-	(71,100,960)	-	-	-	-	-	(71,100,960)	-	(71,100,960)
Total comprehensive income (loss) for the year	22 , 28	-	-	(25,308,721)	(28,186,630)	-	-	(350,206)	(28,536,836)	(53,845,557)	(5,937,743)	(59,783,300)
Transfer to Retained earnings		-	-	(28,186,630)	28,186,630	-	-	-	28,186,630	-	-	-
Other - Dividend of non-controlling interest	23	-	-	-	-	-	-	-	-	-	(1,730,100)	(1,730,100)
Ending balance as at December 31, 2017	836,504,741	15,500,685	83,650,474	391,100,309	-	113,988,734	5,084,547	(2,471,845)	116,601,436	1,443,357,645	169,634,526	1,612,992,171
Total comprehensive income (loss) for the year	11 , 22 , 28	-	-	(77,100,741)	-	64,759,647	-	(4,693,446)	60,066,201	(17,034,540)	(8,671,252)	(25,705,792)
Other - Dividend of non-controlling interest	23	-	-	-	-	-	-	-	-	-	(1,577,100)	(1,577,100)
Ending balance as at December 31, 2018	836,504,741	15,500,685	83,650,474	313,999,568	-	178,748,381	5,084,547	(7,165,291)	176,667,637	1,426,323,105	159,386,174	1,585,709,279

**THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

(Unit : Baht)										
Separate										
	Notes	Share capital issued and paid-up	Premium on ordinary shares	Retained earnings		Other components of shareholders' equity				Total
				Appropriated	Unappropriated	Defined benefit plan actuarial gains (loss)	Fair value changes on investments	Revaluation surplus of lands	Total other components of shareholders' equity	
Beginning balance as at January 1, 2017		836,504,741	15,500,685	83,650,474	580,398,921	-	(1,763,902)	113,988,734	112,224,832	1,628,279,653
Paid dividends	23	-	-	-	(71,100,960)	-	-	-	-	(71,100,960)
Total comprehensive income (loss) for the year	22 , 28	-	-	-	(17,453,256)	(27,633,695)	(375,000)	-	(28,008,695)	(45,461,951)
Transfer to Retained earnings		-	-	-	(27,633,695)	27,633,695	-	-	27,633,695	-
Ending balance as at December 31, 2017		836,504,741	15,500,685	83,650,474	464,211,010	-	(2,138,902)	113,988,734	111,849,832	1,511,716,742
Total comprehensive income (loss) for the year	22 , 28	-	-	-	(41,519,298)	-	(4,709,500)	56,344,640	51,635,140	10,115,842
Ending balance as at December 31, 2018		836,504,741	15,500,685	83,650,474	422,691,712	-	(6,848,402)	170,333,374	163,484,972	1,521,832,584

**THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

	(Unit : Baht)			
	Consolidated		Separate	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit (loss) before corporate income tax for expense the years	(92,398,190)	(36,194,360)	(38,164,534)	(20,079,031)
Adjustment of profit (loss) on cash received (paid)				
Adjustment on financial Cost	40,579,000	45,498,935	28,071,343	33,895,951
Adjustment on trade receivables (Increase) Decrease	(78,210,949)	74,497,841	(79,958,734)	59,844,485
Adjustment on other receivables (Increase) Decrease	-	(4,331,099)	(8,006,708)	(2,024,247)
Adjustment on Inventories (increase) decrease	(38,106,675)	(29,051,780)	(33,607,491)	(34,984,155)
Adjustment on other assets (increase) decrease	(5,887,392)	(4,962,189)	(4,681,764)	(3,366,973)
Adjustment on trade payables Increase (Decrease)	94,850,128	(112,611,597)	82,431,385	(57,237,814)
Adjustment on other payables Increase (Decrease)	-	37,909,835	18,536,735	(16,462,058)
Adjustment on other current liabilities increase (decrease)	(915,208)	(368,867)	(1,422,967)	(62,880)
Depreciation depletion and amortization charge	214,852,052	224,171,845	107,780,715	114,752,562
Adjustment with impairment loss on assets (Reverse)	(28,819,098)	-	(7,964,383)	30,112,711
Adjustment on Provisions liabilities (Reversal)	9,951,371	6,508,046	8,667,535	5,332,270
Adjustment on Unrealized loss (gain) on exchange rate	(41,996)	(32,286)	(146,169)	(42,175)
Adjustment with loss (gain) on fair value adjustment	288,049	(484,519)	275,339	(484,519)
Adjustment on bad debts and allowance for doubtful accounts (Reverse)	(1,758,052)	416,158	456,004	283,372
Adjustment on Loss from inventories devaluation (Reversal)	1,233,800	(18,902,750)	(1,373,317)	(4,374,252)
Adjustment on Loss (gain) on disposal of non-current assets	(485,112)	(49,676)	(17,011,489)	-
Adjustment on Cash generated from investments or loans	(11,632,711)	(7,696,182)	(7,656,260)	(8,293,229)
Net cash provided by (used in) operation activities	103,499,017	174,317,355	46,225,240	96,810,018
Interest income	11,632,712	7,696,182	7,133,360	7,623,329
Income Tax expense refund (paid)	560,563	(12,248,753)	(1,190,608)	(10,377,826)
Cash received (paid) from other activities - Provision				
for employee benefits	(16,834,154)	(9,693,323)	(14,946,232)	(9,563,323)
Net cash provided by (used in) operation activities	98,858,138	160,071,461	37,221,760	84,492,198

**THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**STATEMENTS OF CASH FLOWS (CONT.)**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

	(Unit : Baht)			
	Consolidated		Separate	
	2018	2017	2018	2017
Cash flows from investing activities				
Cash received from the sale of equity or debt securities of other entities	101,629,132	99,475,492	99,985,090	99,475,492
Cash paid to purchase equity or debt securities of other entities	(20,365,595)	(85,213,110)	(20,000,000)	(79,775,909)
Cash received from the sale of property, plant and equipment	3,537,816	69,361	2,160,000	-
Cash paid for purchase of property, plant and equipment	(20,102,604)	(37,646,542)	(13,086,000)	(24,041,853)
Cash paid to purchase intangible assets	(32,764,618)	-	(26,396,702)	-
Dividends received	-	-	522,900	669,900
Advance payments and loans to other persons or related parties	-	-	(12,000,000)	(5,000,000)
Cash received from advance payment and loans to other persons or related parties	-	-	5,000,000	-
<b>Net cash provided by (used in) investing activities</b>	<b>31,934,131</b>	<b>(23,314,799)</b>	<b>36,185,288</b>	<b>(8,672,370)</b>
Cash flows from financing activities				
Payment of long-term loan	(119,241,094)	(140,923,823)	(87,102,711)	(83,898,163)
Cash paid for liabilities under financial leasing	(3,928,327)	(5,761,079)	(3,841,453)	(4,975,276)
Cash paid for dividend	(1,577,100)	(72,831,058)	-	(71,100,959)
Interest paid	(42,160,698)	(45,038,131)	(29,653,041)	(33,435,147)
Cash received (paid) from financing activities - Financial assets	-	-	2,693,652	2,359,483
<b>Net cash provided by (used in) financing activities</b>	<b>(166,907,219)</b>	<b>(264,554,091)</b>	<b>(117,903,553)</b>	<b>(191,050,062)</b>



**THE UNION MOSAIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**STATEMENTS OF CASH FLOWS (CONT.)**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

	(Unit : Baht)			
	Consolidated		Separate	
	2018	2017	2018	2017
Net increase (decrease) in cash and cash equivalents	(36,114,950)	(127,797,429)	(44,496,505)	(115,230,234)
Cash and cash equivalents, at beginning of years (Note 5)	75,157,796	202,955,225	57,797,296	173,027,530
Cash and cash equivalents, at ending of years (Note 5)	39,042,846	75,157,796	13,300,791	57,797,296
Supplemental disclosures of cash flows information :				
<p>1. For the purpose of preparing the statement of cash flows, cash and cash equivalents items include cash in hand and cash at banks and short-term investment in promissory notes which are due within 3 months.</p> <p>2. During the year 2018, the Company purchased 3 machines from the parent Company amount of Baht 45.89 million (Balance before output Tax). There is not payment. (Presented as other non-current receivable)</p> <p>3. During the year 2018, the Company has been appraised subsidiaries increased amount of Baht 13.80 million.</p> <p>4. During the year 2018, the subsidiary purchased computer amount of Baht 1.09 million. It is unpaid (Value before output Tax). (Presented under financial liabilities).</p> <p>5. During the year 2018, the Company sold intangible assets amount of Baht 6.02 million (Value before output Tax). It is unpaid. (Presented under other current receivables).</p> <p>6. During the year 2017, the Company received land for debt repayment of Baht 4.74 million.</p> <p>7. During the year 2017, the subsidiary has purchased motor vehicle by the financial lease of Baht 2.99 million.</p>				

## 1. GENERAL INFORMATION

**1.1** The Company registered the conversion into a Public Company Limited on March 11, 1994. The Company's head office is located at 65 Chamnan Phenjati Business Center, 29th Fl., Rama 9 Rd., Huaykwang and Bangkok. The location of two branches are as follows :

Branch : 1<sup>st</sup> site at 54/1 Suwannasorn Road, Tumbol Kokeyae, Nongkhae District, Saraburi.

2<sup>nd</sup> site at 54 Moo 1, Tumbol Phaitum, Nongkhae District, Saraburi.

**1.2** The Company engages in producing and distributing of floor and wall tile.

## 2. BASIS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT

### 2.1 Consolidated Financial Statement

The consolidated financial statements include the financial statements of the Union Mosaic Industry Public Company Limited and subsidiaries have the power to control or hold more than 50 percent of the voting rights of the company as follows:

			Percentage of holding (% of share capital)	
			As at	As at
			December 31, 2018	December 31, 2017
	Type of Business	Head office		
<b>Direct Investment :</b>				
Cermas Co ., Ltd.	Sales of mineral and soil	Bangkok	24.90	24.90
UMI Property Co ., Ltd.	Real Estate	Bangkok	37.57	37.57
Ruampat Ceramic Co ., Ltd.	Ceramic Agent	Bangkok	49.00	49.00
T.T. Ceramic Public Co ., Ltd	Manufacturer and Ceramic Agent	Bangkok	66.58	66.58

Significant transactions with the subsidiary have been eliminated from the consolidated financial statements.

The consolidated financial statements have been prepared under the same accounting policies as those used for similar accounting transactions or similar accounting events for the preparation of the separate financial statements.

Total assets of the subsidiaries as at 31 December 2018 and 2017, and Total revenue of subsidiaries for the years ended 31 December 2018 and 2017. The ratio is summarized in the consolidated financial statements.as follows:

	Total assets of the subsidiaries		Total revenue of subsidiaries	
	Percentage of total assets		Percentage of total revenue	
	as at 31 December		for the years ended 31 December	
	2018	2017	2018	2017
Cermas Co ., Ltd.	2.32	2.21	3.75	3.29
UMI Property Co ., Ltd.	2.44	2.40	1.59	1.54
Ruampat Ceramic Co ., Ltd.	1.69	1.83	4.28	5.69
T.T. Ceramic Public Co ., Ltd.	33.91	32.69	23.99	21.76

### Non-controlling interest

Details of non-wholly owned subsidiaries which have material non-controlling interests as at December 31, 2018 and 2017, are as follows;

(Unit: Million Baht)								
Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year		Dividend paid to non- controlling interests during the year	
	2018	2017	2018	2017	2018	2017	2018	2017
	(%)	(%)						
Cermas Co ., Ltd.	75.10	75.10	44.35	41.50	5.74	7.25	1.58	1.58
UMI Property Co ., Ltd.	62.43	62.43	24.93	24.14	1.28	2.35	-	-
Ruampat Ceramic Co ., Ltd.	51.00	51.00	7.79	11.29	(3.45)	(3.77)	-	0.15
T.T. Ceramic Public Co ., Ltd.	33.42	33.42	82.32	91.93	(16.40)	(10.65)	-	-

The summarized financial information before intragroup eliminations of each non-wholly owned subsidiary which has material non-controlling interests for the year ended December 31, 2018 and 2017, are as follows;

		(Unit: Million Baht)							
		Cermas Co ., Ltd.		UMI Property Co ., Ltd.		Ruampat Ceramic Co ., Ltd.		T.T. Ceramic Public Co ., Ltd.	
		2018	2017	2018	2017	2018	2017	2018	2017
<b>Condensed statement of financial position</b>									
<b>As at December 31,</b>									
Current assets		57.94	54.23	38.72	36.30	54.26	59.90	300.86	265.48
Non-current assets		19.82	21.03	43.04	45.42	2.47	2.56	835.51	848.73
Current liabilities		14.66	18.05	5.40	2.00	41.90	42.76	913.84	202.54
Non-current liabilities		1.50	1.15	35.40	40.41	2.03	0.04	81.50	745.35
Equity attributable to owners of the Company		61.60	56.06	40.96	39.31	12.80	19.66	141.03	166.32
<b>Condensed statement of profit or loss and other comprehensive income</b>									
<b>For the year ended December 31,</b>									
Revenues		90.57	83.04	38.48	38.90	103.48	143.76	579.79	550.13
Expenses		(82.93)	(73.52)	(36.43)	(36.17)	(110.24)	(151.15)	(605.07)	(571.63)
Profit (loss) for the year		7.64	9.52	2.05	2.73	(6.76)	(7.39)	(25.28)	(21.50)
<b>Condensed statement of cash flows</b>									
Dividends paid to non-controlling interests		(1.58)	(1.58)	-	-	-	(0.15)	-	-
Net cash inflow (outflow) from operation activities		2.29	4.73	10.62	7.34	(0.38)	1.17	44.38	66.26

	(Unit: Million Baht)							
	Cermas Co ., Ltd.		UMI Property Co ., Ltd.		Ruampat Ceramic Co ., Ltd.		T.T. Ceramic Public Co ., Ltd.	
	2018	2017	2018	2017	2018	2017	2018	2017
Net cash inflow (outflow) from investing activities	(0.43)	(1.57)	(0.81)	(8.31)	1.58	(1.88)	(2.00)	(7.12)
Net cash inflow (outflow) from financing activities	(1.86)	(3.16)	(6.83)	(2.55)	1.98	(0.23)	(40.16)	(67.24)
Net cash inflow (outflow)	-	-	2.98	(3.52)	3.18	(0.94)	2.22	(8.10)

## **2.2 Basis of Financial Statement Preparation**

The financial statements are prepared in accordance with generally accepted accounting principles under the Accounting Act, B.E. 2543, which refers to the financial reporting standards issued under the Accounting Profession Act B.E. 2547 and the Securities and Exchange Commission. Stock Exchange of Thailand Re: Formulation and presentation of financial statements under the Securities and Exchange Act.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies. Except for the matters described in the subsequent accounting policies.

The preparation of financial statements in conformity with generally accepted accounting principles in Thailand. Use accounting estimates significant accounting judgments and estimates the preparation of financial statements in conformity with generally accepted accounting principles requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. The Company discloses the use of management discretion. Or complexity or significant assumptions and estimates to the financial statements in Note 4.

The financial statements in English language have been derived from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

## **3. ACCOUNTING POLICIES**

### **3.1 New financial reporting standards**

#### **3.1.1 Financial reporting standards that became effective in the current year**

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) and new accounting treatment guidance which are effective for fiscal years beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

#### **3.1.2 Financial reporting standards that will become effective for fiscal years beginning on or after January 1, 2019**

During the current year, the Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) including new accounting treatment guidance, which were effective for fiscal years beginning on or after January 1, 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

#### **TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the financial statements when it is initially applied.

#### **3.1.3 Financial reporting standards that will become effective for fiscal years beginning on or after January 1, 2020**

During the current year, the Federation of Accounting Professions issued the set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument,

the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

### **3.2 The Company and subsidiaries used significant accounting policies in the preparation of the annual financial statements are as follows:**

#### Revenues and Expenses Recognition

Sales of goods are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Rental and service income are recorded on an accrual basis by follow the contract period.

Interest income and other income is recognized as accrual basis.

Expense is recognized as accrual basis.

#### Trade accounts receivable

Trade accounts receivable are carried in the statements of financial position at the amount expected to be collectible. Allowance for doubtful receivables are estimated by percentage of accounts receivable which is assessed primarily on analysis of payment histories and review of all outstanding amounts at statements of financial position date. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified.

#### Allowance for doubtful accounts

The Company and subsidiaries provides an allowance for doubtful accounts. For the amount of debt that is expected to save money. Based on the ability to liquidate the debtor's income, according to management.

#### Inventory Valuation

Inventories are stated at the lower of cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sales.

The Company and some subsidiaries valued their finished goods and work in process at the lower of cost or net realizable value. Raw materials and supplies are valued at cost on the average basis.

A subsidiary valued its office condominium units for sales at the lower of cost or net realizable value.



### Property, plant and equipment

The Company and subsidiary lands are valued at appraised value. The revaluation increment in land is shown under “Equity” in the statement of financial position. Plant and equipment are stated at cost less accumulated depreciation and allowance for impairment asset (if any).

Property, plant and equipment are depreciated on a straight-line method over the estimated useful lives of the assets as follows:

Building and structure	15-20	Years
Office improvements and fixture	20	Years
Machinery and Tools	5-20	Years
Furniture and office equipment	5	Years
Vehicles	5	Years

### Investment properties

Investment property, defined as property owned to earn rentals; capital appreciation; or both, is disclosed in the financial statements separately from property, plant and equipment.

The Company has selected the cost model for accounting for its investment properties under the revised TAS

### Deferred charges

Deferred charges are suspended based on the basis of benefit to the Company and subsidiaries and amortized on a straight-line basis within 1 – 5 years.

Concession fee is stated at net cost of amortization on a concession period.

### Impairment of Assets

The Company has considered the impairment of assets - land, building, equipment, investment and intangible assets whenever events or change indicated that the book value of assets exceeded its net realizable value. The Company will consider the impairment of each asset item or each asset unit generating cash flows, whichever is practical.

In case that the book value of an asset exceeds its net realizable value, the Company will recognize as impairment loss in the statements of comprehensive income for the years. The Company will reverse the impairment loss whenever there is an indication that there is no longer impairment or reduction in impairment by recording as “other income”.

### Foreign Currency Transactions

The Company and subsidiaries recorded the transactions in foreign currencies throughout the year at the rates prevailing at the date of transactions. Assets and liabilities denominated in foreign currencies at the statement of financial position date are translated into Thai Baht at the prevailing rates at those dates. Gains or losses from exchange rate are credited or charged to current operations.

### Investments

Investments in subsidiaries and associated companies under the company only financial statements are stated in statements of financial position at cost less allowance for impairment in value. The devaluation of investment is presented as impairment loss of investment, which reflected in the statement of comprehensive income.

Investments in subsidiaries and associated companies under the consolidated financial statements are stated in statements of financial position by equity method.

Investment securities available for sales are carried at fair value less allowance for impairment of investments. The differences between book value and fair value are presented as unrealized gain or loss in the equity.

Other investments are stated in Statement of financial position at cost less allowance for impairment in value. The devaluation of investment is presented as impairment loss of investment, which reflected in the statement of comprehensive income.

Cost of short-term and long-term investments sold during the period were computed by the weighted average method. Gain or loss of those investment sales are stated in the Statement of comprehensive income.

#### Capitalization of Interest

Borrowing cost is capitalized as cost of assets that the Company has incurred borrowing cost on assets that required a period of time to get them ready for use. Capitalization of borrowing cost will be stopped when such assets are ready for their intended use.

#### Provision for employees' benefits

##### *Short-term employee benefits*

The Company and its subsidiaries record salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### *Post-employment benefits*

##### Defined contribution plans

The Company and its subsidiaries and employee have set up a provident fund. The provident fund is funded by payments from employees and by the Company. The monthly payments, of which the assets are held in a separate trust fund. The Company contributions to the provident fund are charged to profit or loss in the years to which they relate.

##### Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit or loss.

For the first-time adoption of TAS 19 Employee Benefits, the Company and its subsidiaries elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in the current year.

### Corporate Income Tax

Corporate income tax for four subsidiaries is calculated based on net income of the non-promoted activity after adding back certain expenses and allowances which are forbidden expenses in tax computation at 20 percent of net profit before income tax.

### Finance Lease

Leases of assets that substantially transfer to the Company all the rewards and risks of ownership of assets and that the Company intends to exercise the option of the leases to purchase the assets at the expiration of the lease term, are accounted for as finance leases.

At the inception of a finance lease, the cost of the asset is recorded together with the obligation to pay future rent, excluding the interest element. Finance charges are recorded to the current period operations by the effective interest rate basis.

### Operating Lease

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognized as expense on a systematic basis over the lease term.

### Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company. They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

### Segment information

Business segments provide products and services that are subject to risks and returns that are different from those of other business segments. Geographic segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those of components operating in other economic environments.

Segment information is presented by business segments of the Group's operations and divided into domestic and foreign.

### Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group/Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group/Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### **4. ESTIMATES**

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

##### Finance lease / operating lease.

The Company has entered into leases the vehicle. The Company and its subsidiaries and consider the scope of. The risks and rewards of ownership of the leased asset should be found by contract. Risk and return all or nearly all of the lessor. Such leases are classified as operating leases.

##### Allowance for doubtful accounts receivable.

Allowance for doubtful accounts receivable resulting from the revaluation of receivables from credit risk that may arise. Management uses Judgment to estimate losses expected to be incurred by each debtor. The analysis of the status of the debtor. Collection experiences in the past The aging analysis of accounts receivable and the current economic conditions,

however, the use of estimates and assumptions different. May affect the amount of the allowance for doubtful accounts, thus improving the allowance for doubtful accounts may be held in the future.

#### Allowance for impairment of investments.

The Company considers allowance for impairment of investments. When the fair value of those investments dropped significantly and for a long time. The significant period and is based on management's judgment.

#### Depreciation

In calculating the depreciation of buildings and equipment. Management estimates the useful life and residual value of property, plant and equipment when not in use. And has reviewed the useful life and residual value if it has changed.

#### Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

#### Intangible assets

Intangible assets are amortized on a straight-line basis over the estimated useful lives. And to determine if there is any indication of impairment.

#### Provision for decline in value

The financial statements show the true value of inventories. And results of operations of the Company. The Company has reviewed the revised policy guidelines for impairment of inventories. To cover all types of finished goods, raw materials, spare parts and supplies. Considered impaired when the carrying amount of an asset exceeds its value is expected to be returned to the impairment of such assets. Over the long outstanding and no motion case.

#### Employee benefits

Note 22 The discount rate salary increase

## 5. CASH AND CASH EQUIVALENTS

Consist of:

	(Unit : Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Cash on hand	65,353	98,061	-	-
Cash in bank - current	11,758,639	8,059,388	11,100,200	7,668,278
Cash in bank - saving	26,556,755	67,000,347	1,538,492	50,129,018
Checks due date not raise some money	662,099	-	662,099	-
Total	39,042,846	75,157,796	13,300,791	57,797,296

## 6. CURRENT INVESTMENTS

Consist of:

	(Unit :Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Fixed deposit				
(Over 3 months to 1 year)	20,580,849	20,059,085	-	-
Temporary investments - available				
for - sales equity securities	-	1,685,553	-	-
Bill of exchange	-	80,260,429	-	80,260,429
Total	20,580,849	102,005,067	-	80,260,429

Current investment for the years ended December 31, 2018 and 2017 have the following movement:

	(Unit : Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Opening balance	102,005,067	115,732,946	80,260,429	99,475,492
Additions during the year	20,492,963	-	20,000,000	-
Disposal during the year	(101,629,132)	(13,727,879)	(99,985,090)	(19,215,063)
Gain (loss) of adjust fair value	(288,049)	-	(275,339)	-
Closing balance	20,580,849	102,005,067	-	80,260,429

## The Consolidated

As at December 31, 2018, investment in one listed security has cost of Baht 1.48 million and market price of Baht 0.00 million. (As at December 31, 2017: investment in one listed security has cost of Baht 1.48 million and market price of Baht 0.03 million)

The fair value of temporary investments available for sales - equity as at December 31, 2017 the fair value of investments available for sale. The trading price on the market with liquidity for the asset, which is the first level (note 4).

## **7. TRADE AND OTHER CURRENT RECEIVABLES**

Consist of:

	(Unit : Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Trade current receivable				
- Related parties	582,792	2,625,940	34,348,875	29,350,575
- Others	581,616,794	506,423,311	478,449,083	403,519,124
Total Trade current receivable	582,199,586	509,049,251	512,797,958	432,869,699
<u>Less Allowance for doubtful account</u>	<u>(21,879,011)</u>	<u>(23,637,063)</u>	<u>(9,295,744)</u>	<u>(8,839,740)</u>
Trade current receivable - net	560,320,575	485,412,188	503,502,214	424,029,959
Other accounts receivable	20,954,475	22,008,485	26,253,224	17,055,907
Total trade and Other current receivable				
- net	581,275,050	507,420,673	529,755,438	441,085,866

As at December 31, 2018 and 2017, accounts receivable classified by aging are as follows:

	(Unit : Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Related parties				
Undue	582,792	1,787,920	11,374,179	13,465,358
Overdue				
Less than 3 months	-	838,020	8,149,274	15,824,957
Over 3 months to 6 months	-	-	14,825,422	60,260
Total related parties	582,792	2,625,940	34,348,875	29,350,575
Others				
Undue	311,176,868	308,305,433	267,878,421	273,719,724
Overdue				
Less than 3 months	212,578,208	164,028,478	175,227,200	118,689,913

	(Unit : Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Over 3 months to 6 months	32,489,389	8,125,986	24,289,438	1,499,695
Over 6 months to 12 months	3,223,125	2,494,873	1,642,319	429,319
Over 12 months	22,149,204	23,468,541	9,411,705	9,180,473
Total other	581,616,794	506,423,311	478,449,083	403,519,124
Total trade current receivable	582,199,586	509,049,251	512,797,958	432,869,699
Allowance for doubtful accounts	(21,879,011)	(23,637,063)	(9,295,744)	(8,839,740)

Allowance for doubtful accounts receivable have changed during the year as follows:-

	(Unit : Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Beginning balance	(23,637,063)	(23,220,905)	(8,839,740)	(8,556,368)
Increase	(1,456,216)	(519,868)	(456,004)	(283,372)
Write off bad debt	-	103,710	-	-
Decrease	3,214,268	-	-	-
Ending balance	(21,879,011)	(23,637,063)	(9,295,744)	(8,839,740)

## 8. INVENTORIES

As at December 31, 2018, and 2017 consist of:

	(Unit : Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2018	2017	2018	2017
Finish goods	687,437,609	657,170,177	464,558,763	434,148,011
Work in process	4,064,052	14,785,506	336,963	316,535
Raw materials	28,997,032	20,177,012	19,447,774	13,989,233
Spare part and supplies	36,713,812	41,353,113	22,218,077	28,123,893
Goods in transit	16,523,739	22,442,402	5,950,985	22,442,402
Other	20,298,640	-	20,115,003	-



Total	794,034,884	755,928,210	532,627,565	499,020,074
<u>Less</u> allowance for declining in value of inventory	(29,736,913)	(28,503,113)	(11,733,461)	(13,106,778)
Net	764,297,971	727,425,097	520,894,104	485,913,296

Allowance for declining in value of inventory have changed during the year as follows:-

	(Unit :Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Beginning balance	(28,503,113)	(47,405,864)	(13,106,778)	(17,481,030)
Increase	(5,608,359)	(3,648,289)	-	-
Decrease	4,374,559	22,551,040	1,373,317	4,374,252
Ending balance	(29,736,913)	(28,503,113)	(11,733,461)	(13,106,778)

As at December 31, 2018 A Subsidiaries has reverse allowance of inventory amounting of Baht 4.37 million, Also, the sold of inventory and Separate amounting of Baht 1.37 million. (As at December 31, 2017, The Company has reverse allowance of inventory amounting of Baht 22.55 million and Separate amounting by Baht of 4.37 million.).

## REAL ESTATE HELD FOR SALE

On June 29, 2018, the Company received transfer condominium 8 unit. To pay for the sale of tiles instead of cash amount Baht 20.12 million. By purchased from the Origin property public company limited, held for sale to employees and directors without additional margin.

As at December 31, 2018, the Company had remaining condominium of 8 Unit in the value of Bath 20.12 million.

## 9. INVESTMENTS

Consist of:

### 9.1 Investments in associates

				(Unit : Baht)			
				Consolidated / Separate			
				Cost Method		Equity Method	
				As at	As at	As at	As at
				December 31,	December 31,	December 31,	December 31,
Company's name	Type of Business	Paid-up Capital	Holding Portion	2018	2017	2018	2017
<u>Non-marketable securities</u>							
Tekno Cer S.R.L. Co., Ltd.*	Raw material Supply	20,000,000 (lir)	45.00%	192,600	192,600	192,600	192,600
Duragres Co., Ltd.	Consumer products	25,000,000 (Baht)	40.00%	10,000,000	10,000,000	10,000,000	10,000,000
Total				10,192,600	10,192,600	10,192,600	10,192,600
<u>Less</u> Allowance for impairment investment				(10,192,600)	(10,192,600)	(10,192,600)	(10,192,600)
Net				-	-	-	-

\* Stop operation and during the settlement process.

## 9.2 Investments in subsidiaries consist of:

(Unit : Baht)										
Paid-up Capital						Separate				
		(In Thousand Baht)		Holding Portion			Cost Method		Dividends income	
Company's	Type of	As at	As at	As at	As at		As at	As at	As at	As at
name	Business	December	December	December	December		December	December	December	December
		31, 2018	31, 2017	31, 2018	31, 2017	Relationship	31, 2018	31, 2017	31, 2018	31, 2017
<u>Subsidiaries</u>										
T.T. Ceramic Plc	Manufacturer and	600,809	600,809	66.58%	66.58%	The same	400,000,000	400,000,000	-	-
Co.,Ltd.	Ceramic					Shareholder				
	Agent					and director				
Cermas Co., Ltd	Sales of mineral	21,000	21,000	24.90%	24.90%	The same	4,728,000	4,728,000	522,900	522,900
	and soil					Shareholder				
						and director				
UMI Property Co.,	Real estate	150,000	150,000	37.57%	37.57%	The same	56,350,000	56,350,000	-	-
Ltd.						Shareholder				
						and director				
Ruampat Ceramic	Ceramic Agent	20,000	20,000	49.00%	49.00%	The same	9,800,000	9,800,000	-	147,000
Co., Ltd.						Shareholder				
						and director				
Total							470,878,000	470,878,000	522,900	669,900
<u>Less</u> Allowance for impairment investment							(160,407,135)	(168,371,518)	-	-
Net							310,470,865	302,506,482	522,900	669,900

During the year 2018, The subsidiary T.T. Ceramic Public Co., Ltd. appraised its assets, accordingly, the company reversed allowance for impairment of investment net of the increase during the year amount of Baht 9.02 million have been recorded in the statement of comprehensive income. And Ruampat Ceramic Co., Ltd. Allowance investment and the subsidiary suffered a loss from continuing operations. The asset impairment comparison between the book value amounts of Baht 1.06 million

For the year 2017 the company was considering the impairment of investment in a subsidiary. The subsidiary suffered a loss from continuing operations. The asset impairment comparison between the book value of the items reported under valuation (Note 10), the amount expected to be recovered when calculating the proportion of impairment. Amounting of Baht 30.12 million.

## 9.3 Investment in other company presented as long-term investment in equity securities consist of:

				(Unit : Baht)	
Company's name	Type of Business	Paid-up Capital	Holding	Consolidated / Separate	
		portion	portion	Cost Method	
		(In Thousand Baht)		As at	As at
				December 31, 2018	December 31, 2017
<u>Other companies</u>					
Surf Dynamics Co., Ltd.	Water Sport equipment	14,000	14.28%	2,000,000	2,000,000

## 10. INVESTMENT PROPERTY

As at December 31, 2018 and 2017, the Company and a subsidiary's investment property, presented at cost, depreciated by straight line method as the useful life, and partly has been used as collateral for short-term loans from financial institutions. (Note 17)

Investment property as follow:

		(Unit : Baht)			
		Consolidated		Separate	
		As at	As at	As at	As at
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Land		824,277	824,277	824,277	824,277
Office building - net		40,745,074	42,573,026	-	-
		<u>41,569,351</u>	<u>43,397,303</u>	<u>824,277</u>	<u>824,277</u>

Depreciation of office building for rent units for the years ended December 31, 2018 and 2017, amount of Baht 1.83 million. and Baht 1.94 million, respectively

As at December 31, 2018 and 2017, the fair value of the investment property by the report of the appraisal assessed using the Cost approach. Which is the fair value in level 2 of the fair value hierarchy (Note 4)

## 11. PROPERTY, PLANT AND EQUIPMENT

	Consolidated (Thousand Baht)											
	Cost					Accumulated Depreciation					Net-Book Value	
	As at	Increase	Decrease	Transferred	As at	As at	Increase	Decrease	Transferred	As at	As at	As at
	December 31,			In (Out)	December 31,	December 31,			(In) Out*	December 31,	December 31,	December 31,
	2017				2018	2017				2018	2017	2018
<u>Appraise value</u>												
Land of plant - at cost	123,086	-	-	-	123,086	-	-	-	-	-	123,086	123,086
Appraisal surplus of land of plant	171,612	86,229	-	-	257,841	-	-	-	-	-	171,612	257,841
Improvement of land of plant	62,694	-	-	-	62,694	-	-	-	-	-	62,694	62,694
Land of plant-appraise value	357,392	86,229	-	-	443,621	-	-	-	-	-	357,392	443,621
<u>Cost</u>												
Condominium units	443,046	-	-	-	443,046	(362,567)	(2,168)	-	-	(364,735)	80,479	78,311
Plant and construction	1,592,588	-	-	2,252	1,594,840	(1,035,949)	(46,906)	-	-	(1,082,855)	556,639	511,985
Building the publication added	281,805	-	-	-	281,805	(96,857)	(20,986)	-	-	(117,843)	184,948	163,962
Office improvement and fixture	82,704	334	-	-	83,038	(79,661)	(1,012)	-	-	(80,673)	3,043	2,365
Machinery	4,129,798	904	(56,561)	48,223	4,122,364	(3,292,121)	(119,293)	53,508	(16,071)	(3,373,977)	837,677	748,387
Tools and office equipment	232,131	1,292	(59)	1,146	234,510	(222,941)	(6,905)	59	-	(229,787)	9,190	4,723
Furniture and office equipment	145,731	227	-	(20,228)	125,730	(134,841)	(4,654)	-	20,702	(118,793)	10,890	6,937
Vehicles	38,346	1,120	(2,990)	2,517	38,993	(21,569)	(6,116)	2,990	(2,517)	(27,212)	16,777	11,781
Machinery and equipment in process	15,541	17,323	-	(32,012)	852	-	-	-	-	-	15,541	852
Total	7,319,082	107,429	(59,610)	1,898	7,368,799	(5,246,506)	(208,040)	56,557	2,114	(5,395,875)	2,027,576	1,972,924
<u>Less</u> Allowance for impairment building and machine											(176,577)	(203,393)
Property, plant and equipment-net											1,895,999	1,769,531

Depreciation for the year ended 2018, amount of Baht 208.04 Million. (Baht 155.04 million included in cost of sales, and Baht 53.00 million included in selling and administrative expenses).

\* During the year 2018, there was an adjustment of the allowance for impairment to the accumulated depreciation account. In the amount of Baht 28.77 million due to the impact of the reversal of impairment Must not exceed the book value that should be.

1.

	Consolidated (Thousand Baht)											
	Cost					Accumulated Depreciation					Net-Book Value	
	As at	Increase	Decrease	Transferred	As at	As at	Increase	Decrease	Transferred	As at	As at	As at
	December 31,			In (Out)	December 31,	December 31,			(In) Out	December 31,	December 31,	December 31,
	2016				2017	2016				2017	2016	2017
<u>Appraise value</u>												
Land of plant - at cost	123,086	-	-	-	123,086	-	-	-	-	-	123,086	123,086
Appraisal surplus of land of plant	171,612	-	-	-	171,612	-	-	-	-	-	171,612	171,612
Improvement of land of plant	62,694	-	-	-	62,694	-	-	-	-	-	62,694	62,694
Land of plant-appraise value	357,392	-	-	-	357,392	-	-	-	-	-	357,392	357,392
<u>Cost</u>												
Condominium units	442,311	735	-	-	443,046	(359,284)	(3,283)	-	-	(362,567)	83,027	80,479
Plant and construction	1,592,365	34	-	189	1,592,588	(989,673)	(46,276)	-	-	(1,035,949)	602,692	556,639
Building the publication added	281,805	-	-	-	281,805	(72,378)	(24,479)	-	-	(96,857)	209,427	184,948
Office improvement and fixture	80,261	377	-	2,066	82,704	(77,625)	(2,036)	-	-	(79,661)	2,636	3,043
Machinery	4,111,431	4,046	(13)	14,334	4,129,798	(3,168,514)	(123,620)	13	-	(3,292,121)	942,917	837,677
Tools and office equipment	230,731	68	(85)	1,417	232,131	(214,513)	(8,493)	65	-	(222,941)	16,218	9,190
Furniture and office equipment	141,162	495	(33)	4,107	145,731	(128,238)	(6,636)	33	-	(134,841)	12,924	10,890
Vehicles	35,874	3,318	(1,966)	1,120	38,346	(16,822)	(6,713)	1,966	-	(21,569)	19,052	16,777
Machinery and equipment in process	10,201	28,573	-	(23,233)	15,541	-	-	-	-	-	10,201	15,541
Total	7,283,533	37,646	(2,097)	-	7,319,082	(5,027,047)	(221,536)	2,077	-	(5,246,506)	2,256,486	2,072,576
<u>Less Allowance for impairment building and machine</u>											(176,577)	(176,577)
Property, plant and equipment-net											2,079,909	1,895,999

Depreciation for the year ended 2017, amount of Baht 221.54 Million. (Baht 169.69 million included in cost of sales, and Baht 51.85 million included in selling and administrative expenses).

	Separate (Thousand Baht)											
	Cost					Accumulated Depreciation					Net-Book Value	
	As at	Increase	Decrease	Transferred	As at	As at	Increase	Decrease	Transferred	As at	As at	As at
	December 31,			In (Out)	December 31,	December 31,			(In) Out	December 31,	December 31,	December 31,
	2016				2018	2016				2018	2016	2018
<u>Appraise value</u>												
Land of plant – at cost	74,245	-	-	-	74,245	-	-	-	-	-	74,245	74,245
Appraisal surplus of land of plant	142,485	70,431	-	-	212,916	-	-	-	-	-	142,485	212,916
Improvement of land of plant	5,430	-	-	-	5,430	-	-	-	-	-	5,430	5,430
Land of Plant-appraise value	222,160	70,431	-	-	292,590	-	-	-	-	-	222,160	292,590
<u>Cost</u>												
Condominium units	53,751	-	-	-	53,751	-	-	-	-	-	53,751	53,751
Plant and Construction	876,542	-	-	2,289	878,831	(689,886)	(22,635)	-	-	(709,996)	166,925	166,903
Office improvement and fixture	43,089	-	-	2,066	45,029	(40,879)	(1,758)	-	-	(42,678)	2,049	2,859
Machinery	2,719,780	-	(49,485)	16,884	2,687,179	(2,300,184)	(69,983)	18,447	2,517	(2,361,246)	336,832	356,034
Tools and office equipment	203,556	49	(50)	1,856	204,428	(196,000)	(6,938)	50	-	(198,000)	16,968	16,438
Furniture and office equipment	135,988	-	(33)	(20,207)	115,758	(120,099)	(6,519)	33	20,703	(119,889)	18,899	8,879
Vehicles	26,390	1,120	-	2,520	30,030	(18,305)	(5,706)	-	(2,517)	(26,498)	13,085	19,039
Machinery and equipment in process	16,309	24,048	-	(26,606)	13,751	-	-	-	-	-	16,309	15,303
Total	4,298,690	83,648	(49,483)	(23,344)	4,309,650	(3,349,346)	(104,763)	18,487	20,703	(3,456,290)	849,404	899,804
<u>Less Allowance for impairment asset</u>											-	-
Property, plant and equipment-net											849,404	899,804

Depreciation for the year ended 2018, amount of Baht 104,763 million (Baht 94,360 million included in cost of sales and Baht 120,119 million included in selling and administrative expenses)

(Unit : Baht)

	Consolidated statements of		Separate statements of	
	comprehensive income for		comprehensive income for	
	the years ended December 31,		the years ended December 31,	
	2018	2017	2018	2017
Depreciation	208,039,783	221,537,049	106,404,170	114,752,562

During the year 2018, the Company considered the impairment of buildings in the consolidated financial statements in the amount of Baht 0.14 million and reversed the allowance for impairment of machinery in the amount of Baht 1.06 million because the subsidiary assessed the new machinery during the year.

During the year 2018, the Subsidiary reclassified its operating and non-operating machinery classification. In addition, the new appraisal was conducted by an independent appraiser unrelated to the Company, Siam Appraisal and Services Co., Ltd., to appraise the assets using the cost method. It results in impairment in buildings of Baht 9.89 million and reversal of impairment of machinery. And was allowance impairment mounting to Baht 37.78 million.

As at December 31, 2018 and 2017, the fair value of the land using the appraisal report. According to the market price comparison method by bringing the selling price of comparable land to nearby areas to improve which is the fair value in level 2 of the fair value hierarchy (Note 4)

As at December 31, 2018 and 2017, the fair value of the buildings and land assets by the report of the appraisal assessed using the cost approach. Which is the fair value in level 2 of the fair value hierarchy (Note 4)

As at December 31, 2018 and 2017, the Company and a subsidiary's land are stated at appraised value (the land of plant), reports of the independent appraiser in year 2018 and 2013, valued by market value method. The excess of appraised value on the consolidated financial statements over cost by amount of Baht 178.75 million and Baht 113.99 million, respectively, (the Company financial statements by amount of Baht 170.33 million and Baht 113.99 million, respectively), are shown as "Revaluation surplus of land" under "Shareholders' Equity" in the statement of financial position. The revaluation surplus of land is not available for dividend distribution.

As at December 31, 2018 and 2017, the Company has mortgaged of land, building and part of machineries by cost in consolidated amount of Baht 2,157.74 million and Baht 2,094.31 million, respectively, and in separate amount of Baht 194.69 million and Baht 186.28 million, respectively, and in the net from accumulated depreciation and provision for impairment in consolidated amount of Baht 796.82 million and Baht 921.81 million, respectively, and in consolidated amount of Baht 23.30 million and Baht 17.05 million, respectively, as collateral Bank overdrafts and short-term and long-term loans from banks. (Note 17 and 20).

During the year 2018, the Company sold assets to related companies in the net book value of Baht 31.04 million. The loss from the sale of those assets amounted of Baht 17.01 million which was recorded in the statements of income and other comprehensive income.

As at December 31, 2018 and 2017, the Company and subsidiaries have fully depreciated but still use the assets as follows:-

(Unit : Baht)

	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Machinery	1,719,047,239	1,774,131,129	1,674,881,125	1,668,501,499
Plant and construction	474,426,416	447,928,369	446,503,918	445,825,638
Tools and Office Equipment	351,421,774	337,872,357	304,285,554	291,215,763
Office Building	66,128,003	65,779,443	41,436,301	41,185,311
Vehicles	11,308,265	4,649,299	8,901,830	694,200

**12. INTANGIBLE ASSETS**

As at December 31, 2018 are as follows :

(Unit : Baht)

	Consolidated			
	January 1,		Transfer in	December 31,
	2018	Increase	(Transfer out)	2018
Computer software	12,870,757	32,764,619	-	68,979,567
<u>Less</u> Accumulated amortization	(11,499,736)	(2,063,860)	-	(34,266,216)
Net	<u>1,371,021</u>	<u>30,700,759</u>	<u>-</u>	<u>34,713,351</u>

Amortization expenses included in the statement of comprehensive income for the years ended December 31, 2018 and 2017 amount of Baht 2.06 million and Baht 0.69 million, respective.

(Unit: Baht)

	Separate			
	January 1,		Transfer in	December 31,
	2018	Increase	(Transfer out)	2018
Computer software	-	26,396,702	-	49,740,893
<u>Less</u> Accumulated amortization	-	(1,376,545)	-	(22,079,165)
Net	<u>-</u>	<u>25,020,157</u>	<u>-</u>	<u>27,661,728</u>

Amortization expenses included in the statement of comprehensive income for the years ended December 31, 2018 amount of Baht 1.38 million.



In 2018, the Company has classified its intangible assets. By classified the cost and accumulated amortization from property, plant and equipment. Show new under the intangible asset list (Note 11)

### 13. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

As at December 31, 2018 and 2017, the deferred tax assets and deferred tax liabilities are as follows:

(Unit : Baht)				
	Consolidated		Separate	
	December 31,	December 31,	December 31,	December 31,
	2018	2017	2018	2017
Total	2,985,750	2,854,005	8,385,192	25,826,116
Off set of tax	-	-	-	-
<b>Net deferred tax assets</b>	<b>2,985,750</b>	<b>2,854,005</b>	<b>8,385,192</b>	<b>25,826,116</b>

  

(Unit : Baht)				
	Consolidated		Separate	
	December 31,	December 31,	December 31,	December 31,
	2018	2017	2018	2017
Total	84,672,058	72,651,568	-	-
Off set of tax	-	-	-	-
<b>Net deferred tax liabilities</b>	<b>84,672,058</b>	<b>72,651,568</b>	<b>-</b>	<b>-</b>

The movement on the deferred income tax is as follows:

(Unit : Baht)				
	Consolidated		Separate	
	2018	2017	2018	2017
<b>Deferred tax assets</b>				
Beginning	2,854,005	2,854,005	25,826,116	14,279,541
Income tax recognized in shareholders' equity	-	-	(14,086,160)	6,908,424
Income tax recognized in statement of comprehensive income	131,745	-	(3,354,764)	4,638,151
Ending	2,985,750	2,854,005	8,385,192	25,826,116
<b>Deferred tax liabilities</b>				
Beginning	72,651,568	90,164,225	-	-
Income tax recognized in shareholders' equity	17,245,895	(6,908,424)	-	-
Income tax recognized in statement of comprehensive income	(5,225,405)	(10,604,233)	-	-

income				
Ending	84,672,058	72,651,568	-	-
<b>Income tax recognized in statement of comprehensive income</b>	<b>(5,093,660)</b>	<b>(10,604,233)</b>	<b>(3,354,764)</b>	<b>4,638,151</b>

Movements in total deferred tax assets and liabilities during the year were as follows:

	(Unit : Baht)		
	Consolidated		
	(Charged) / credited to:		
	Other		
January 1,		comprehensive	December 31,
2018	Profit or loss	income / Equity	2018
<b>Deferred tax assets</b>			
Allowance for doubtful account - Receivable	2,517,274	-	2,517,274
Accumulated employees benefit	336,731	-	468,476
Total	2,854,005	-	2,985,750

	(Unit : Baht)		
	Consolidated		
	(Charged) / credited to:		
	Other		
January 1,		comprehensive	December 31,
2018	Profit or loss	income / Equity	2018
<b>Deferred tax liabilities</b>			
Allowance for doubtful account – receivable	2,207,147	(134,809)	2,072,338
Provision obsolete stock	2,513,347	(166,655)	2,346,692
Impairment of assets	9,518,612	(9,518,612)	-
Accumulated employees benefit	16,060,246	(1,592,168)	14,468,078
Difference in depreciation for tax and accounting	(32,490,465)	6,081,621	(26,408,844)
Appraisal surplus of Land-Factory	(28,497,183)	-	(17,245,895)
Gain on a bargain purchase	(41,963,272)	10,556,028	(31,407,244)
Total	(72,651,568)	5,225,405	(84,672,058)

(Unit : Baht)

	Consolidated			
	(Charged) / credited to:			
	January 1,		Other	December 31,
	2017	Profit or loss	comprehensive income / Equity	2017
Deferred tax assets				
Allowance for doubtful account – Receivable	2,517,274	-	-	2,517,274
Allowance impairment of investment	-	-	-	-
Accumulated employees benefit	336,731	-	-	336,731
Total	2,854,005	-	-	2,854,005

(Unit : Baht)

	Consolidated			
	(Charged) / credited to:			
	January 1, 2017	Profit or loss	Other	December 31, 2017
			comprehensive income / Equity	
<b>Deferred tax liabilities</b>				
Allowance for doubtful account – receivable	1,967,152	239,995	-	2,207,147
Provision obsolete stock	3,496,206	(982,859)	-	2,513,347
Impairment of assets	9,518,612	-	-	9,518,612
Accumulated employees benefit	9,661,605	(509,783)	6,908,424	16,060,246
Difference in depreciation for tax and accounting	(39,451,555)	6,961,090	-	(32,490,465)
Appraisal surplus of Land-Factory	(28,497,183)	-	-	(28,497,183)
Gain on a bargain purchase	(46,859,062)	4,895,790	-	(41,963,272)
Total	(90,164,225)	10,604,233	6,908,424	(72,651,568)

(Unit : Baht)

	Separate		
	(Charged) / credited to:		
	Other		December 31,
	January 1,	comprehensive	
	2018	Profit or loss	income / Equity
<b>Deferred tax asset (liabilities)</b>			
Allowance for doubtful account - Receivable	2,075,403	(3,065)	-
Provision obsolete stock	2,513,347	(166,654)	-
Accumulated employees benefit	16,060,246	(1,592,167)	-
Allowance for impairment of investments	33,674,303	(1,592,878)	-
Appraisal surplus of Land-Factory	(28,497,183)	-	(14,086,160)
Total	25,826,116	(3,354,764)	(14,086,160)

(Unit : Baht)

	Separate		
	(Charged) / credited to:		
	Other		December 31,
	January 1,	comprehensive	
	2017	Profit or loss	income / Equity
<b>Deferred tax asset (liabilities)</b>			
Allowance for doubtful account - Receivable	1,967,152	108,251	-
Provision obsolete stock	3,496,206	(982,859)	-
Accumulated employees benefit	9,661,605	(509,783)	6,908,424
Allowance for impairment of investments	27,651,761	6,022,542	-
Appraisal surplus of Land-Factory	(28,497,183)	-	-
Total	14,279,541	4,638,151	6,908,424

#### 14. ASSETS NOT USED IN OPERATIONS

	(Unit : Baht)
	Assets not used in operation
Cost	
As at December 1, 2017	207,633,116
Increase	-
Decrease	-
As at December 31, 2017	207,633,116
Transfer in - To reclassify used in operation asset (Note 11)	182,391,172
Transfer out - To reclassify used in operation asset (Note 11)	(207,633,116)
As at December 31, 2018	182,391,172
<u>Less</u> Accumulated depreciation	
As at December 1, 2017	(107,844,085)
Depreciation	-
As at December 31, 2017	(107,844,085)
Depreciation	(2,920,504)
Transfer in - To reclassify used in operation asset (Note 11)	(118,027,431)
Transfer out - To reclassify used in operation asset (Note 11)	107,844,085
As at December 31, 2018	(120,947,935)
<u>Less</u> Allowance impairment	
As at December 31, 2017	(99,789,031)
Transfer out - To reclassify used in operation asset (Note 11)	99,789,031
Transfer in - To reclassify used in operation asset (Note 11)	(15,381,632)
As at December 31, 2018	(15,381,632)
Net book value as at December 31, 2018	46,061,605
Net book value as at December 31, 2017	-

As at December 31, 2018 and 2017, A subsidiary has pledged its machine non-used in operation, machinery and equipment (Before deducting machinery impairment) amounting to approximately of Baht 61.44 million and Baht 71.86 million, respectively. And all unused machinery has been mortgaged / pledged to financial institutions to guarantee credit of the company.

During the period of 2018, a subsidiary repaired the machinery which was not in use of back to work. The reclassifications Machine used in operation in note 11, As at December 31, 2017. The machine is not used was historical cost amounting to Baht 68.48 million and was allowance impairment amounting to Baht 68.48 million.

#### 15. ASSETS UNDER CONSTRUCTION AND INSTALLATION

As at December 31, 2018 and 2017 Consist of:

	(Unit : Baht)	
	As at December 31, 2018	As at December 31, 2017
Cost	198,738,492	198,738,492
Allowance impairment	(198,738,492)	(198,738,492)
Net book value	-	-

As at December 31, 2018 and 2017, a subsidiary was work in progress assets which have no the continuing construction plan by was historical cost amounting to Baht of 198.74 million and Baht 198.74 million, and was impairment amounting to Baht of 197.74 million and Baht 198.74 million, respectively.

## 16. OTHER NON – CURRENT ASSETS

Consist of:

	(Unit : Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Deposits with commitment	6,478,355	6,453,899	-	-
Guarantee and deposit	18,034,790	17,387,500	888,200	888,200
Land for sale	4,740,000	4,740,000	4,740,000	4,740,000
Others	238,661	56,264	-	-
Total	29,491,806	28,637,663	5,628,200	5,628,200

On December 7, 2017, the Company registered the transfer of land. The land was given instead of repayment from the guarantor instead of the debt one court order. The Company recorded at the auction price of Baht 4.74 million (the appraised value of the province al land office of Baht 6.76 million).

As at December 31, 2018 and 2017 the fixed deposits of subsidiaries companies are used as collateral for bank overdrafts and loans from banks (Note 17) and bank's issuance of letter of guarantee to the Metropolitan Power Authority for electricity usage. (Note 31.2) of subsidiaries

As at December 31, 2018 and 2017, a subsidiaries companies had marginal deposit of Baht 16 million and Baht 16 million respectively and guarantee the use of electricity with government agencies of Baht 2.4 million and Baht 2.4 million respectively.

## 17. BANK OVERDRAFTS AND SHORT – TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

Consist of:

	(Unit : Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Bank overdrafts	2,162,843	1,926,102	-	-
Trust Receipt	101,364,631	37,210,532	101,364,631	37,210,532
Total	103,527,474	39,136,634	101,364,631	37,210,532

### Consolidated

The subsidiaries pays interest on the overdraft in 2018 and 2017 at the rate of MOR 4.00 - 4.25% per year and of MOR -7.12% per year.

Bank overdrafts and short-term loans from financial institutions were guaranteed by the mortgage of investment property (Note 10) and land, building and part of machineries as collateral (Note 11) and Bank deposits with the obligations of its subsidiaries (Note 16).

## 18. TRADE AND OTHER ACCOUNTS PAYABLES

Consist of:

	(Unit : Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Trade accounts payables	250,482,844	194,456,820	205,347,223	121,461,895
Other - accounts payables	119,893,420	88,765,883	78,840,824	60,304,089
Total	370,376,264	283,222,703	284,188,047	181,765,984

Other account payables consist of:

	(Unit : Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Advance payment for goods	1,327,248	549,248	863,692	263,571
Accrued sales promotion	1,143,888	760,845	1,143,888	760,845
Accrued transportation	15,570,289	9,167,346	4,000,000	2,723,722
Accrued expense - other	101,851,995	78,288,444	72,833,244	56,555,951

Total	119,893,420	88,765,883	78,840,824	60,304,089
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## 19. DEBENTURES

As at December 31, 2018, the Company with having registered and bond holders representative debentures as follow:

Debenture No.	No. of units (Million unit)	Principle (Million Baht)	Interest rate per annum (% p.a.)	Term of interest payment	Maturity Date	Outstanding balance as at December 31, 2017 ( million Baht)
UMI197A	0.5	500	5.35%	Quarterly	July 15, 2019	500.00
Treasury Debentures						(152.50)
<u>Less</u> Debentures issuing expenses						(0.69)
<b>Net</b>						<b>346.81</b>

On July 14, 2017, the Company issued debentures with the name of the holder. Type is not subordinated. There is no guarantee of Baht 500 million. Redemption in 2019 with a fixed coupon rate of 5.35% per annum and the related expenses related to such debentures are financial advisory fee and other operating expenses. The amount of about 2.5 million.

In the issuance of such debentures. There are directors and shareholders of the Company. (Former Director) holds the following debentures:

- Mr.Somboon Uranukul holds 15,000 of these debentures at the par value of Baht 1,000 each, totaling Baht 15 million.
- Miss Paweena Laowiwatwong holds 12,000 of these debentures at the par value of Baht 1,000 each, totaling Baht 12 million.
- Mr.Marut Mangklapruks holds 10,000 of these debentures at the par value of Baht debentures at the par value of Baht 1,000 each, totaling Baht 10 million.
- Miss Kiratcha Laowiwatwong holds 1,000 of these debentures at the par value of Baht debentures at the par value of Baht 1,000 each, totaling Baht 1 million.

During the year 2018, directors and shareholders of the company (Former director) has sold the debentures to the Company.

During the year 2018, the Company maturity 152,500 unit, per value Baht 1,000 total amount of Baht 153 million.

During the year 2017, the Company maturity 600,000 unit, per value Baht 1,000 total amount of Baht 600 million.



## 20. LIABILITIES UNDER DEBT REHABILITATION PLAN

On April 10, 2012, the meeting of creditors passed resolution to approve the plan. On July 4, 2012, the Central Bankruptcy Court ordered a subsidiary company to rehabilitate its business and was summarized as follows;

### Debt allocation and capital structure

A Subsidiary company defines the payment date as at September 19, 2012.

CREDITOR	PRINCIPLE	NEW INTEREST	ACCRUED INTEREST
Creditor Group 1 <sup>st</sup> Financial institution creditors – secured – chose to repay by option 1	Amount of Baht 195,135,401.62 to be repaid in cash at the payment date. The remaining of Baht 780,541,606.48 will be forgiven at the payment date.	-	Accrued interest amount of Baht 938,616,032.61 will be forgiven at the payment date.
Creditor Group 1 <sup>st</sup> and 2 <sup>nd</sup> Financial institution creditors – secured and non secured – chose to repay by option 2	Amount of Baht 253,991,977.56 to be converted from debt to equity in an amount of 50,798,396 shares from its value of Baht 1 each to Baht 5 each. The debt amount of Baht 753,349,693.79 will be repaid within 8 years by 6-months period.	interest rate at 0.01% per annum with monthly repayment.	Accrued interest amount of Baht 708,078,761.44 will be forgiven at the payment date.
Creditor Group 3 <sup>rd</sup> Trade payable and services –chose to repay by option 1	Amount of Baht 23,186,395.69 to be repaid in cash at the payment date, the remaining of principle amount of Baht 139,687,225.59 will be forgiven at the payment date.	-	-
Creditor Group 3 <sup>rd</sup> Trade payable and services – chose to repay by option 2	Amount of Baht 37,555,850.81 will be repaid within 8 years by 6-months period.	-	-
Creditor Group 4 <sup>th</sup> – Professional service provider of debt restructuring	Cash payment in the amount of Baht 647,350 at the date of payment.  The remaining of principle in the amount of Baht 1,284,000 will be forgiven in full amount at the date of payment.		
Creditor Group 5 <sup>th</sup> Payable – directors and related person	Cash repayment in an amount of Baht 756,952.50 within 30 days after the maturity date of 8-year. The remaining of principle and its accrued interest amount of Baht 6,833,685.51 will be forgiven in full amount at the payment date.		

CREDITOR	PRINCIPLE	NEW INTEREST	ACCRUED INTEREST
Creditor Group 6 <sup>th</sup> Company's secured creditor.	Amount of Baht 12,121,326.08 is the creditors that secure the company's debt from the original creditors who had already applied for debt settlement in the case. However, the more Creditor Group 6 repay to the company's original creditor, the more right in company's debt they will have. Creditor Group 6 will have the same right as original creditor to receive from the company but not over the right under the rehabilitation plan.		

#### Capital increasing by debt to equity conversion

Whereas, a subsidiary company has been approved on the Rehabilitation Plan from the Central Bankruptcy Court on July 4, 2012. Such Rehabilitation Plan, it is specified that a subsidiary company would operate on registered capital decrease unpaid as amount of Baht 1,050,000,000 divided into common stocks of 10,500 shares with par value for each Baht 100,000 by dividing into the registered capital issued and paid up already as of amount 10,500 Baht or 10,500 shares in order to reduce the company's deficit.

When the capital has been decreased already, a subsidiary company would increase the registered capital as amount of Baht 500,000,000 with par value each of Baht 1 ; by allocating as follows:

- (1) Allocated to Union Mosaic Industry Public Company Limited for 400,000,000 shares with par value each of Baht 1 as amount of Baht 400,000,000.
- (2) Debt conversion to common stocks as of amount 51,800,264 shares with par value for each 1 Baht to the conversion value for each of Baht 5 for Creditor Group 1<sup>st</sup>.
- (3) Debt conversion to common stocks as of amount 48,199,736 shares with par value for each 1 Baht to the conversion value for each of Baht 5 for Creditor Group 2<sup>nd</sup>.

A subsidiary company has registered of the amendment of Memorandum of Incorporation, the reduction of share capital and registration of the amendment of Memorandum of Incorporation increment of share capital to issue ordinary shares under this rehabilitation plan with ministry of Commerce and transferred its shares to Union Mosaic Industry Public Company Limited on August 14, 2012. After that, a subsidiary company has transferred its shares to Creditor Group 1<sup>st</sup> and Group 2<sup>nd</sup> on September 25, 2012 with ministry of Commerce. Subsequently, on December 21, 2012, the management plan of the subsidiary. Company filed a petition with the Court to reduce the amount of registered capital of Baht 49,201,604 (49,201,604 ordinary shares of Baht 1 each) for the balance. The plan does not specify how to allocate the remaining debt to creditors in any groups. A subsidiary company has registered capital and the amendment of Memorandum of Incorporation of Association at the ministry of Commerce on January 21, 2013.

In addition, a subsidiary company has to complete the implementation of the rehabilitation plan within a period of 5 years from the date the court approved the plan, and is able to file petition to amend the plan and request to extend period.

On August 13, 2013, the Central Bankruptcy court has assigned "Group of person – MR Planner" being the planner.

On February 11, 2014, the Central Bankruptcy court has canceled a petition of rehabilitation plan. So, the Company has to repayment as the condition in the rehabilitation plan, and The Company has reclassified Liabilities under debt rehabilitation plan.

On November 11, 2015, the creditor, bank only, approved to change the repayment schedule. By postponing the payment of principal the original pay principal since 2015 - 2020 move to settle a 2017 - 2020 instead.

As at December 31, 2018 and 2017, a subsidiary's debts under restructuring plan are as follow;

	(Unit : Baht)	
	Consolidated	
	December 31, 2018	December 31, 2017
Liabilities under debt restructuring plan	734,602,022	760,909,666
<u>Less</u> due within one year	(734,602,022)	(54,309,454)
Liabilities under debt restructuring plan-net	-	706,600,212

Debts under restructuring plan of a subsidiary are secured by the assets of a subsidiary which are indicated in the original loan agreement before the restructuring, as the mortgage of the subsidiary's land and buildings, the pledge of machineries.

On February 27, 2017, the subsidiary was approved to re-schedule the repayment schedule with the creditors only in the banking sector. By reducing the principal repayment of each installment from every 6 months, it pays monthly instead. The payment period is still 2017 - 2020.

On February 22, 2018, the subsidiary requested a waiver for the payment of principal and interest reduction from the original 5 percent to 1 percent for one year with the Export-Import Bank of Thailand. And the Oversea-Chinese Banking Corp., Ltd. is currently in the process of revising the payment agreement. As a result, the portion of long-term liabilities due within one year still classified according to the original payment schedule. The management of the company has assessed that there will be no obligation to estimate liabilities in the financial statements. From the waiver of the payment period as described above.

During the year 2018, the subsidiary did not pay in accordance with the terms of the agreement in March 2018 by the subsidiary company

- Principal amount of approximately of Baht 2.5 million from the original payment of Baht 2.9 million and
- Interest payment is only 1 percent or approximately 0.4 million baht from the original, must be paid at the rate of 5 percent, amounting to approximately of Baht 1.9 million.

On June 28, 2018, the subsidiary company was approved to change the repayment schedule with the specific group of creditors. By paying the principal amount from the original of Baht 2.9 million to the remaining 2.5 million baht. The principal amount to be paid decreased by 0.4 million baht per month to be paid to the final installment of the debt restructuring plan instead. As for the interest payment from the former at the rate of 5 percent in the period 67-77 (March 2018 - January 2019) for a period of 11 months, the payment will be made only at 1 percent. February 2019) instead

As at December 31, 2018, the subsidiary repaid the principal of August 2018, unit the current period, not in accordance with the new repayment schedule in the financial institution creditors group. The subsidiary therefore recorded the provision for

payment of non-compliance with the amount of Baht 0.33 million (default interest rate of 18 - 25 percent per year). Number  
At present, the subsidiary is in the process of requesting to negotiate with the said financial institution.

## 21. LONG-FORM FINANCIAL INSTITUTIONS

Consist of:

	(Unit : Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
<u>A subsidiary</u>				
Loans from banks	1,462,433	2,329,913	-	-
Total	1,462,433	2,329,913	-	-
<u>Less</u> Portion due within one year	(683,257)	(867,480)	-	-
Net	779,176	1,462,433	-	-

Movements in the long-term loans account for the year ended December 31, 2018 are summarized below.

	(Unit : Baht)	
	Consolidated	Separate
Balance as at January 1, 2018	2,329,913	-
Addition loan	-	-
Repayment	(867,480)	-
Balance as at December 31, 2018	1,462,433	-

## 22. PROVISION FOR EMPLOYEES BENEFITS

An independent actuary carried out an evaluation of the Company's obligations for employees' long-term benefits using the projected unit credit method. The Company has provided the provision for employees' long-term benefits as follows:

	(Unit : Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2018	2017	2018	2017
Provision for employee benefits - beginning	91,791,416	59,100,681	78,619,089	48,308,024
<u>Add</u> Profit (loss) on change				
- Discount rate	-	9,722,131	-	9,605,557
- Salary increase rate	-	675,166	-	633,722

(Unit : Baht)				
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2018	2017	2018	2017
- Employee turnover rate	-	15,894,581	-	15,652,458
- Percentage of deaths	-	-	-	-
- Experience Improvement	-	9,944,134	-	8,650,381
recognized amount	10,311,371	6,148,046	8,667,535	5,332,270
<u>Less</u> liability decrease from actual paid	<u>(16,834,154)</u>	<u>(9,693,323)</u>	<u>(14,946,232)</u>	<u>(9,563,323)</u>
Provision for employee benefits - ending	<u>85,268,633</u>	<u>91,791,416</u>	<u>72,340,392</u>	<u>78,619,089</u>
Present value of unfunded obligation				
as at December 31	<u>85,268,633</u>	<u>91,791,416</u>	<u>72,340,392</u>	<u>78,619,089</u>
Expense recognized in profit or loss				
Current service cost	7,090,052	3,310,778	5,772,027	2,706,014
Interest cost	3,221,319	2,837,268	2,895,508	2,626,256
Total – recognized in the statement of income	<u>10,311,371</u>	<u>6,148,046</u>	<u>8,667,535</u>	<u>5,332,270</u>

Principal actuarial assumptions at the valuation date are as follows:

	Consolidated		Separate	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2018	2017	2018	2017
Discount rate (%)	2.87 - 4.80	2.87 - 4.80	2.87 - 3.30	2.87 - 3.30
Salary increase rate (%)	4.89 - 6.19	4.89 - 6.19	4.89 - 4.99	4.89 - 4.99
Turnover Rate (%)	0 - 28	0 - 28	0 - 28	0 - 28
Retirement age (years old)	55 - 60	55 - 60	60	60

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2018 are summarized below:

(Unit : Baht)				
	Change of the present value of the employee benefit obligations increase (decrease)			
	Consolidated		Separate	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(4,301,705)	4,581,285	(3,911,513)	4,165,806
Salary increase rate	5,552,561	(5,238,193)	5,046,473	(4,759,949)

(Unit : Baht)

	Change of the present value of the employee benefit obligations increase (decrease)			
	Consolidated		Separate	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Turnover rate	(5,744,527)	6,126,106	(5,190,866)	5,534,530

The sensitivity analysis presented above may not be representative of the actual change in employee benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

As at December 31, 2018, the maturity analyses of undiscounted cash flows of benefit payments are as follows:

(Unit : Baht)

	Consolidated	Separate
Within 1 year	4,978,126	4,278,596
Over 1 and up to 5 years	35,115,648	28,761,466
Over 5 years	116,112,087	106,240,258

On December 13, 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labor Protection Act, which is in the process being announced in the Royal Gazette. The new Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment. The Company and its subsidiaries will reflect the effect of the change by recognizing past service cost as an expense in the consolidated and separate statements of profit or loss, of the period in which the law is effective. At present, is during estimate the effect to the financial statement.

## 23. DIVIDEND

In accordance with to the minutes of the Annual General Meeting of Shareholders for the year 2018 held on April 27, 2018, the Meeting resolved to omit the dividend payment for the year 2017.

In accordance with the minutes of the Annual Board of directors' Meeting No. 1/2017 held on February 27, 2017, Approved the statutory reserve up to 3,038,070 Baht and reached 10 percent of the share capital .and a dividend in the rate per share Baht 0.085 in number 836.50 million shares totaling amount of Baht 71.10 million. The dividend payment dated on May 26, 2017 The Annual General Meeting of Shareholders held on April 28, 2017 passed a resolution approving the above dividend payment.

During the year 2018, a subsidiaries company declared a dividend of Baht 10.00 per share. Total amount of Baht 2.10 million.

During the year 2017, a subsidiaries company declared a dividend of Baht 10.00 per share and of Baht 1.50 per share. Total amount of Baht 2.10 million and amount of Baht 0.30 million, respectively.

## 24. LEGAL RESERVE

Under the Public Limited Companies Act., the Company is required to set aside to a legal reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of its registered share capital. The legal reserve is not available for dividend payment.

## 25. EXPENSES BY NATURE

Significant expenses by nature as follows:

	(Unit : Million Baht)			
	Consolidated		Separate	
	For the years ended December 31,		For the years ended December 31,	
	2018	2017	2018	2017
Salary and wages and other employee benefits	473.11	529.68	326.00	378.87
Depreciation and amortization expenses	214.85	224.17	107.78	114.75
Rental expenses	19.78	20.99	12.34	13.53
Electricity and water expenses	140.51	135.56	98.49	97.51
Natural gas expenses	332.62	290.17	254.18	226.76
Transportation expenses	176.58	163.85	144.32	131.86
Grinding and chamfering expenses	5.72	8.18	-	-
Raw materials and consumables used	443.35	458.95	325.34	340.72
Changes in inventories of finished goods and work	(35.40)	(8.97)	(30.76)	(17.28)
Loss (reversal) of the devaluation of inventories	1.23	(18.90)	(1.37)	(4.37)
Doubtful debts	(1.76)	0.42	0.46	0.28
Loss on impairment of equipment (reversal)	9.62	(25.63)	-	-
Loss on impairment of building (reversal)	10.03	-	-	-

## 26. PROVIDENT FUND

The Company established a contributory registered provident fund covering all permanent employees in accordance with the Provident Fund Act A.D. 1987.

Under the provident fund plan, employees and Company's contributions are equivalent pay to certain percentages of employees' basic salaries. The employees are entitled to the Company's contributions in accordance with the rules and regulations of the fund and on the length of service with the Company. The Company appointed a fund manager to manage the fund in accordance with the terms and conditions prescribed in the Provident Fund Act. A.D. 1987.

The Company and its subsidiary have contributed to provident fund for the years ended December 31, 2018 and 2017 were as follows:

	(Unit : Baht)			
	Consolidated		Separate	
	2018	2017	2018	2017
For the years ended December 31,	26,978,564	24,126,337	26,204,426	23,834,921

## 27. INCOME TAX

### Income tax recognized in profit or loss

For the years ended December 31, 2018 and 2017, income tax expense consisted of the following:

	(Unit : Baht)			
	For the year ended December 31			
	Consolidated		Separate	
	2018	2017	2018	2017
Income tax :				
Income tax for the year	2,887,637	4,540,570	-	2,012,377
Deferred tax :				
Relating to origination and reversal of temporary differences	(5,357,149)	(10,604,234)	3,354,764	(4,638,152)
Income tax in statements of comprehensive income	(2,469,512)	(6,063,664)	3,354,764	(2,625,775)

### Income tax recognized directly in equity

	(Unit : Baht)			
	Separate			
	Rate (%)	2018	Rate (%)	2017
Profit before income tax expense		(38,164,534)		(20,079,031)
Income tax using the corporation tax rate	20	(7,632,907)	20	(4,015,806)
Income not subject to tax		-		(3,823,343)
Expenses not deductible for tax purposes		7,632,907		9,851,526
Total		-		2,012,377

For the years ended December 31, 2018 and 2017, the Company has corporate income tax as follows;

	(Unit : Baht)	
	2018	2017
Net profit	(41,519,298)	(17,453,256)
Income tax expense	(3,354,764)	(2,625,775)
Profit before corporate income tax	(44,874,062)	(20,079,031)
<u>Plus (less) add back expenses</u>	-	(19,116,714)



Add back income	44,874,062	49,257,630
Tax profit	-	10,061,885
Income tax rate	20%	20%

## 28. UNREALIZED GAIN (LOSS) FROM CHANGING IN FAIR VALUE OF INVESTMENTS

Movements during the years are as follows:

	(Unit : Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Beginning of the years	(2,471,845)	(2,121,639)	(2,138,902)	(1,763,902)
Changes during the years	(4,693,446)	(350,206)	(4,709,500)	(375,000)
Ended of the years	(7,165,291)	(2,471,845)	(6,848,402)	(2,138,902)

## 29. BASIC EARNINGS (LOSS) PER SHARE

The calculation of basic earnings per share for the years ended December 31, 2018 and 2017 was based on the profit for the year attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	For the year ended December 31,			
	Consolidated		Separate	
	2018	2017	2018	2017
Profit (loss) attributable to equity holders of the Company (Thousand Baht)	(77,101)	(25,309)	(41,519)	(17,453)
Number of ordinary shares outstanding at				
January 1, (Thousand shares)	836,505	836,505	836,505	836,505
Effect of shares issued on the years	-	-	-	-
Weighted average number of ordinary shares (Thousand shares)	836,505	836,505	836,505	836,505
Basic earning (loss) per share (Baht : share)	(0.09)	(0.03)	(0.05)	(0.02)

## 30. TRANSACTIONS WITH RELATED PARTIES

A portion of the Company's and subsidiaries assets, liabilities, revenues and expenses of the Company and subsidiaries was derived from its related companies. Those companies have connection with the Company and subsidiaries through the co-shareholders and/or co-directors. The financial statements reflect the effects of these transactions on the basis determined by the companies concerns as follows:

## Relationship

Company	Relationship
Cermas Co., Ltd.	Subsidiaries Company
UMI Property Co.,Ltd.	Subsidiaries Company
Ruampat Ceramic Co., Ltd.	Subsidiaries Company
T.T.Ceramic Public Co., Ltd.	Subsidiaries Company
T.N. Co., Ltd.	Related Company
Imex International Co.,Ltd.	Related Company
S & P Corporate Communications of Salt Limited.	Management of the Company and director of subsidiary
Mr. Pichit Pholpanichrasamee	Director of subsidiary

## Pricing Policy

Related Transactions	Pricing Basis
Purchase of raw material and finished goods	
Cermas Co.,Ltd.	Cost plus margin
T.T. Ceramic Public Co. Ltd.	As determined by the parent company, and competitive price in the market
Imex International Co.,Ltd.	The price agreed upon
Sales of finished goods	
Ruampat Ceramic Co., Ltd.	Cost plus margin
T.T.Ceramic Public Co., Ltd.	Cost plus margin
Imex International Co.,Ltd.	Cost plus margin
Other non - current receivables	
T.T.Ceramic Public Co., Ltd.	Interest rate 6.71% per annum
Short-term loans and related parties	Interest rate 7.5% per annum
Asset sale	
T.T.Ceramic Public Co., Ltd.	Based on actual costs
Selling to the right into the user information systems	
T.T.Ceramic Public Co., Ltd.	6,018,333.36 Baht per agreement
Rental income	Per agreement (basis by area), which approximately the rental rate
Ruampat Ceramic Co., Ltd.	Rental rate of Baht 101,790 per month.
Cermas Co., Ltd.	Rental rate of Baht 57,000 per month.
Sales management	
T.T.Ceramic Public Co., Ltd.	By the rate of 2% of sales by the Company

Related Transactions	Pricing Basis
Hire purchase interest income	
T.T.Ceramic Public Co., Ltd.	7.5% per annum
Management fee income	
T.T.Ceramic Public Co., Ltd.	Per agreement (Baht 625,000 per month)
Ruampat Ceramic Co., Ltd.	Per agreement and invoice
Marketing Management Revenue	
T.T.Ceramic Public Co., Ltd.	Per agreement (Baht 500,000 per month)
Other Income	
T.T.Ceramic Public Co., Ltd.	Per agreement (Baht 211,666.67 per month)
Maintenance information system	
T.T.Ceramic Public Co., Ltd.	Per agreement (Baht 50,000 per month)
Maintenance other information system	
T.T.Ceramic Public Co., Ltd.	Per agreement (Baht 51,6433.33 per month)
Expense	
Rental	
T.T.Ceramic Public Co., Ltd.	Per agreement (Rental rate of Baht 60,000 per month.)
Consultant expenses	
S & P Corporate Communications of Salt Limited	Per agreement (Baht 149,000 per month)
Mr. Pichit Pholpanichrasamee	Baht 40,000 per month
Director remuneration expenses	As approved in the shareholders' meeting.
Management remuneration are a meeting premium paid to directors, salaries and benefit for the management directors.	

**30.1** As at December 31, 2018 and 2017 the Company has transactions with its related parties as follows:

30.1.1 Account receivable

	(Unit : Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Trade Account Receivable				
<u>Subsidiaries companies</u>				
Ruampat Ceramic Co., Ltd.	-	-	32,945,736	29,350,576
T.T.Ceramic Public Co., Ltd.	-	-	1,403,139	-

	(Unit : Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
<u>Related companies</u>				
Imex International Co., Ltd.	582,792	2,625,940	-	-
Total	582,792	2,625,940	34,348,875	29,350,576

### 30.1.2 Account receivable under hire - purchase agreement - subsidiaries Company.

As at December 31, 2018 and 2017 the Company had receivables under hire - purchase agreements with subsidiaries Company.

	(Unit : Baht)					
	Due within one year		Due over than one year		Total	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Account receivable under hire - purchase agreement	1,273,336	3,056,005	-	1,273,336	1,273,336	4,329,341
<u>Less</u> Deferred interest	(41,325)	(362,353)	-	(41,325)	(41,325)	(403,678)
Account receivable under hire - purchase agreement - net	1,232,011	2,693,652	-	1,232,011	1,232,011	3,925,663

The minimum repayment from account receivable under hire - purchase agreement are as follows:

	(Unit : Baht)	
	As at	As at
	December 31, 2018	December 31, 2017
Due within one year	1,273,336	3,056,005
Due over than one year but not over than five years	-	1,273,336
	1,273,336	4,329,341
<u>Less</u> Future financial expenses	(41,325)	(403,678)
Present value of account receivable hire - purchase agreement	1,232,011	3,925,663

On May 16, 2014, the Company has entered into hire - purchase agreement with a subsidiary (T.T.Ceramic Public Co., Ltd.) by installments periods, agreed to be paid in 60 installments, each of Baht 272,493.83 (included vat)

	(Unit : Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017

### 30.1.3 Accounts receivable on loans to related parties

(Unit : Baht)

	Consolidated		Separate	
	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
T.T.Ceramic Public Co., Ltd.	-	-	55,043,010	50,043,010
Ruampat Ceramic Co., Ltd.	-	-	2,000,000	-
	-	-	57,043,010	50,043,010
30.1.4 Other non - current receivables				
T.T.Ceramic Public Co., Ltd.	-	-	49,102,081	-
30.1.5 Account Payable				
<u>Subsidiaries company</u>				
Cermas Co., Ltd.	-	-	1,892,126	1,617,145
T.T.Ceramic Public Co., Ltd.	-	-	31,557,874	980,677
Ruampat Ceramic Co., Ltd.	-	-	412,592	-
<u>Related company</u>				
Imex International Co., Ltd.	617,782	227,401	617,782	227,401
Total	617,782	227,401	34,480,374	2,825,223
30.1.6 Long-term borrowing from related parties				
Consist of				
Related parties	19,290,000	24,490,000	-	-
Total	19,290,000	24,490,000	-	-
Movement during the years of Long-term borrowing from related parties as follows:				
Beginning balance of the years	24,490,000	27,690,000	-	-
Addition during of the years	-	-	-	-
Deduction during of the years	(5,200,000)	(3,200,000)	-	-
Ending balance of the years	19,290,000	24,490,000	-	-

As at December 31,2018 and 2017, estimated liabilities under the employee benefit project - management of Baht 28.89 million and Baht 24.85 million, respectively.

As at December 31, 2018, The Company provided short-term loans to its subsidiary (T.T.Ceramic Public Co., Ltd.) with increase amount of Baht 5 million from the year 2017. There is unsecured. Repayment on demand and interest is charged at 7.5% per annum.

As at December 31, 2017, a subsidiary (T.T.Ceramic Public Co., Ltd.) has short-term loans related parties amount of Baht 50.04 million. There is unsecured. The loan is repayable on demand and interest is rate 7.5 per annum.

As at December 31, 2018, The Company provided short-term loans to its subsidiary (T.T.Ceramic Public Co., Ltd.) amount of Baht 49.10 million. As a result of purchase machinery for production of ceramic tiles from The union mosaic industry public company limited under the contract was being paid as follows:

1. The interest rate was 6.71% per annum (effective from date of the agreement).
2. The first interest payment and the interest rate was 5% (from 6.71% per annum) in March 2019 amount of Baht 1.52 million and will be paid every month until full payment.
3. The remaining interest rate was 1.71% per annum starting the first payment in September 2020 amount of Baht 1.72 million and will be continued to pay every month until the principal payment was completed.
4. Payment of principal 36 equal installment and the first payment in September 2020 was in the amount of Baht 1.36 million.

**30.2** Revenue and expense transactions with the related parties for the year ended December 31, 2018 and 2017 were as follows:

	(Unit : Baht)			
	Consolidated		Separate	
	For the year ended December 31,		For the year ended December 31,	
	2018	2017	2018	2017
30.2.1 Sales-goods and service				
Ruampat Ceramic Co., Ltd.	-	-	46,474,435	75,466,286
T.T.Ceramic Public Co., Ltd.	-	-	42,043,460	43,929,047
Imex International Co.,Ltd.	7,519,379	25,151,426	-	-
Total	7,519,379	25,151,426	88,517,895	119,395,333
30.2.2 Selling rights access information systems				
T.T.Ceramic Public Co., Ltd.	-	-	6,018,333	-
30.2.3 Other income				
Cermas Co., Ltd.	-	-	370,774	427,800
Ruampat Ceramic Co., Ltd.	-	-	2,319,858	13,175,052
T.T.Ceramic Public Co., Ltd.	-	-	16,269,258	5,898,945
Imex International Co.,Ltd.	59,004	19,704	-	-
Total	59,004	19,704	18,959,890	19,501,797

(Unit : Baht)

	Consolidated		Separate	
	For the year ended December 31,		For the year ended December 31,	
	2018	2017	2018	2017
30.2.4 Rental revenue				
Cermas Co., Ltd.	-	-	684,000	684,000
Ruampat Ceramic Co., Ltd.	-	-	1,280,760	1,221,480
Total	-	-	1,964,760	1,905,480

## 30.2.5 Sale management revenue

T.T. Ceramic Public Co.,Ltd.	-	-	6,781,814	7,087,560
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The Company has entered into Sales management agreement with the subsidiary, charged by the rate of 2% of sales by the parent company. The agreement period by one year (since July 1 to June 30) and renew by one year each if no ask for the cancellation.

## 30.2.6 Management fee income

T.T.Ceramic Public Co., Ltd.*	-	-	7,500,000	-
Ruampat Ceramic Co., Ltd.**	-	-	11,097,444	-
Total	-	-	18,597,444	-

\*The Company has entered into Sales management agreement with the subsidiary, charged by the rate of Bath 625,000 per month of process by the parent company. The agreement period by one year (since January 1 to December 31) and renew by one year each if no ask for the cancellation.

\*\*The Company has entered into Sales management agreement with the subsidiary, charged by the billing note per month of process by the parent company. The agreement period by one year (since January 1 to December 31) and renew by one year each if no ask for the cancellation.

## 30.2.7 Marketing Management Revenue

T.T.Ceramic Public Co., Ltd.	-	-	6,000,000	-
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The Company has entered into Marketing Management Revenue agreement with the subsidiary, charged by the rate of Baht 500,000 per month of process by the parent company. The agreement period by one year (since January 1 to December 31) and renew by one year each if no ask for the cancellation.

## 30.2.8 Other income

T.T.Ceramic Public Co., Ltd.	-	-	2,540,000	-
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The Company has entered into Other income agreement with the subsidiary, charged by the rate of Baht 211,666.67 per month of process by the parent company. The agreement period by one year (since January 1 to December 31) and renew by one year each if no ask for the cancellation.

## 30.2.9 Interest income from under hire purchase machine

T.T. Ceramic Public Co., Ltd.	-	-	362,353	696,523
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(Unit : Baht)

	Consolidated		Separate	
	For the year ended December 31,		For the year ended December 31,	
	2018	2017	2018	2017
30.2.10 Interest income from loan				
T.T. Ceramic Public Co., Ltd.	-	-	4,072,214	3,485,066
30.2.11 Purchase-raw materials and goods				
Subsidiaries and related company				
Cermas Co., Ltd.	-	-	19,853,263	20,331,350
T.T.Ceramic Public Co., Ltd.	-	-	225,785,900	182,836,319
Ruampat Ceramic Co., Ltd.	-	-	5,238,950	195,533
Imex International Co., Ltd.	1,027,172	1,092,450	1,027,172	1,092,450
Total	1,027,172	1,092,450	251,905,285	204,455,652
30.2.12 Selling and administrative expenses				
Ruampat Ceramic Co., Ltd.	-	-	1,333,333	1,606,403
UMI Property Co., Ltd.	-	-	33,645	33,645
T.T.Ceramic Public Co., Ltd.	-	-	375,288	67,413
Total	-	-	1,742,266	1,707,461
30.2.13 Rental warehouse income				
T.T. Ceramic Public Co., Ltd.	-	-	720,000	720,000

## 30.2.14 Directors and management benefit expenses

## Consolidated and separate

- Short - term benefit expenses for the year ended December 31, 2018 and 2017, amount of Baht 34.41 million and Baht 28.14 million and Baht 34.41 million and Baht 28.14 million, respectively.
- Long - term benefit expenses for the year ended December 31, 2018 and 2017, amount of Baht 0.19 million and Baht 0.68 million and Baht 0.19 million and Baht 0.68 million, respectively.

(Unit : Baht)

	Consolidated		Separate	
	For the year ended December 31,		For the year ended December 31,	
	2018	2017	2018	2017
30.2.15 Consultant expenses				
S & P Corporate Communications of Salt Limited.	1,788,000	1,788,000	1,788,000	1,788,000
Mr. Pichit Pholpanichrasamee	480,000	480,000	480,000	480,000



2,268,000	2,268,000	2,268,000	2,268,000
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### 31. SEGMENT FINANCIAL INFORMATION

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The company and subsidiaries' business operations involve 2 principle segments: ( 1) Import floor tiles and wall tiles (2) Export floor tiles and wall tiles. Segment performance is considered by revenue and gross profit, and its also measured based on the group operating profit or loss, on a basic consistent with that used to measure operating profit or loss in the financial statements. Below is the revenue and gross profit of the company and subsidiaries for the years ended December 31, 2018 and 2017 by segments.

(Unit : Million Baht)

Consolidated financial statements for the years ended December 31,							
Floor and wall tile business							
	Local		Export		Others		Total
	2018	2017	2018	2017	2018	2017	
Sales - net	2,085	2,177	159	171	144	138	2,388
<u>Less</u> cost of sales	<u>(1,671)</u>	<u>(1,726)</u>	<u>(128)</u>	<u>(130)</u>	<u>(88)</u>	<u>(78)</u>	<u>(1,887)</u>
Gross profit (loss)	<u>414</u>	<u>451</u>	<u>31</u>	<u>41</u>	<u>56</u>	<u>60</u>	501
Other income							29
Distribution cost							(362)
Administrative expenses							(192)
Management benefit expenses							(27)
Finance costs							(41)
Income tax expenses							2
Profit (loss) for the years							<u>(90)</u>
Profit (loss) for the years, Equity holders of the parent							(77)
Profit (loss) for the years, Non-Controlling interests of the subsidiaries							(13)
							<u>(90)</u>
<b>Assets as at December 31, 2018 and 2017 :</b>							
Fixed assets							1,770
Other assets							1,581
Total assets							<u>3,351</u>
							<u>3,409</u>

(Unit : Million Baht)

	Separate financial statements for the years ended December 31,							
	Floor and wall tile business							
	Local		Export		Others		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Sales - net	1,793	1,878	137	147	13	12	1,943	2,037
<u>Less</u> cost of sales	(1,471)	(1,502)	(111)	(115)	(12)	(8)	(1,594)	(1,625)
Gross profit (loss)	322	376	26	32	1	4	349	412
Other income							54	52
Distribution cost							(290)	(282)
Administrative expenses							(96)	(141)
Management benefit expenses							(27)	(28)
Finance costs							(28)	(33)
Income tax expenses							(3)	3
Profit (loss) for the years							(41)	(17)
<b>Assets as at December 31, 2018 and 2017 :</b>								
Fixed assets							793	849
Other assets							1,538	1,468
Total assets							2,331	2,317

## 32. COMMITMENTS AND CONTINGENT LIABILITIES

### 32.1 Commitments

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
<b>Capital commitments</b>				
- Purchasing Assets	-	1,971	-	1,971
<b>Operating lease commitments</b>				
Within 1 year	18,655	37,302	14,164	32,208
More than 1 to 3 years	16,184	19,840	12,014	15,364
More than 3 to 5 years	4,224	4,956	4,224	3,276
	39,063	62,098	30,402	50,848

The Company has commitments under operating leases Forklift truck with a company. The contract was three years. On April 1, 2016, the Company has agreed to renew the contract for 3 years. Since April 1, 2016 until March 31, 2019 and the contract renewing the term of 1 year. If no termination (Forklift truck rental paid to the said company for the years 2018 and 2017 amounted of baht 22.64 million and of Baht 22.64 million, respectively).

### 32.2 Contingency liabilities

As at December 31, 2018 and 2017, the Company and subsidiaries have commitments to bank as follows.

	(Unit : Million Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
<b>Letter of Credit (Million USD) not used</b>	0.47	0.85	0.47	0.85
<b>Letters of Guarantee</b>				
- Electricity Guarantee	12.40	12.40	10.00	10.00
- Gas Guarantee	16.00	16.00	-	-
- Other Guarantee	1.45	1.45	-	-
<b>Credit Line of Baht 510 and 510 million in 2018 and 2017</b>				
- Credit not used	368.21	407.14	368.21	407.14

## 33. DISCLOSURE AND PRESENTATION OF FINANCIAL INSTRUMENTS

The Company and subsidiaries have not policy to hold financial instrument for speculation and hedging.

a) Foreign currency exchange risk

As at December 31, 2018 and 2017, the Company has accounts receivable, accounts payable and trust receipt in foreign currency which were not hedged by forward exchange contracts or similar hedging instrument are as follow :

		As at December 31, 2018	As at December 31, 2017
	Currency		
Accounts receivable in foreign currencies	US Dollar	103,468.42	51,390.16
Accounts payable in foreign currencies	US Dollar	294,072.55	479,758.38
	EURO	202,874.35	117,732.02
	Pound Sterling	8.08	8.08
Trust receipt	US Dollar	421,330.70	1,143,811.51
Forward contract	EURO	98,287.17	120,815.21
	US Dollar	436,133.48	707,711.66

b) Liquidity risk

Liquidity risk, or funding risk, is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell financial assets quickly at close to its fair value.

The Company's financial assets comprises of cash, deposits at financial institutions, accounts receivable and inventories which are liquid and able to sell at close to this fair value when the Company wishes to raise fund.

c) Credit risk derives from failure by counterparts to discharge their obligation resulting in financial damage to the Company and subsidiaries.

For the financial assets shown in the statements of financial position at the book value deducted by allowance for doubtful account is maximum value of credit risk. For off-statement of financial position, the Company expects that the amount of credit risk is immaterial.

d) Interest rate risk derives from changes in interest rate. The Company and subsidiaries have interest rate risk because their loans bear interest at the floating interest rate.

e) Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. Fair values have been

determined for measurement and/or disclosure purposes based on the following methods (when applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability).

The fair value of cash and cash equivalents, trade and other accounts receivable, short-term loans, other current assets, bank overdrafts, short-term borrowings, trade and other accounts payable and other current liabilities is taken to approximate the carrying value.

The fair value of investments in equity securities - available-for-sales, are determined by reference to their quoted bid prices at the reporting date.

The fair value of long-term borrowings is taken to approximate the carrying value because most of these financial instruments bear interest at market rates.

Fair values and the carrying values of financial assets and liabilities other than the aforementioned were as follows:

		(Unit : Million Baht)							
		Consolidated							
		Level 1		Level 2		Level 3		Total	
		2018	2017	2018	2017	2018	2017	2018	2017
<b>Financial assets measured at fair value</b>									
Investment held as available for sale		-	-	6.80	5.07	-	-	6.80	5.07
Land		-	-	486.69	343.35	-	-	486.69	343.35
Builds		-	-	1,174.98	1,074.88	-	-	1,174.98	1,074.88
Machinery		-	-	440.03	477.73	-	-	440.03	477.73
<b>Financial assets for which fair value are disclosed</b>									
Investment properties		-	-	41.57	43.40	-	-	41.57	43.40

		(Unit : Million Baht)							
		Separate							
		Level 1		Level 2		Level 3		Total	
		2018	2017	2018	2017	2018	2017	2018	2017
<b>Financial assets measured at fair value</b>									
Investment held as available for sale		-	-	6.80	5.07	-	-	6.80	5.07
Land		-	-	346.34	222.16	-	-	346.34	222.16
Builds		-	-	564.45	462.90	-	-	564.45	462.90

The Group has disclosed the estimated fair value of the above transactions in the notes to the related financial statements.

#### **34. CAPITAL MANAGEMENT**

The primary objectives of the Company's and its subsidiaries' capital management are to maintain their abilities to continue as a going concern and to maintain an appropriate capital structure.

As at December 31, 2018, debt to equity ratio in the consolidated financial statements is 1.11 : 1 (the separate financial statements: debt to equity ratio is 0.53 : 1).

#### **35. SUBSEQUENT EVENT**

In accordance with the minutes of the Annual Board of directors' Meeting No. 1/2019 held on February 26, 2019, have a resolution to refrain from paying dividends. Waiting for approval at the annual general meeting of shareholders .

#### **36. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements were authorized for issue by the Company's Board of Directors on February 26, 2019